

Saturday January 4 1986

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WORLD NEWS

Libyans in anti-US rallies

Libya reported yesterday that massive anti-American demonstrations continued in many towns in response to US and Israeli threats to retaliate for last week's attacks at Rome and Vienna airports in which 19 people died.

US television networks reported that American forces in the east Mediterranean were being built up in case a retaliatory strike was ordered. Back Page

Libyan Foreign Minister Ali al-Turki denied any part in the "deplorable blood outrages" and "vigorously condemned" them in a letter to UN Secretary-General Javier Perez de Cuellar.

Spain warned on Nato
Spain's Nato allies would consider the alliance gravely weakened if the country decided to withdraw. Nato Secretary General Lord Carrington said in Madrid. Page 2

Giscard looks ahead

Former French President Valery Giscard d'Estaing said he favoured "cohabitation" with Socialist President Mitterrand if the Right won parliamentary elections in March. Page 2

Poland recalls envoy

Poland dismissed its ambassador to Moscow, Stanislaw Kociolek, a hardline opponent of Warsaw leader Gen Wojciech Jaruzelski.

McGuinness goes free

Leading Sinn Fein member Martin McGuinness was released without charge after six days of questioning by Northern Ireland police.

Pressure for equality

Pressure on employers to promote equal opportunities for women and ethnic minorities will increase this year, a report by pay consultants said. Page 4

Marching for Gartcosh

Nine campaigners, including politicians from all the main parties, began a 450-mile walk to London to protest at the planned closure of the Gartcosh steelworks near Glasgow. Page 4

Sri Lanka checks tea

Sri Lankan authorities began checking tea exports after reports that Tamil separatists had poisoned some with arsenic.

Gold smugglers fined

Businessmen Walter Senior and Frederick Marshall were fined a total of £3,000 in Lincoln for smuggling Krugerrands worth £85,000 into Britain in a light aircraft from Jersey.

Hong Kong study

A team of Chinese legal experts is to arrive in Hong Kong today to study views on how the territory should be run after 1997. Page 2

Coup suspects killed

A group of Nigerian officers accused of plotting a coup last month died when the aircraft bringing them to Lagos crashed, the Government said.

Elbe oil spill

A Panama-registered tanker, the Brady Maria, spilt 100 tonnes of oil into the Elbe estuary near Hamburg after colliding with a British freighter, the Waylink.

Hollywood 'paranoia'

American films like Rambo created an atmosphere of paranoia about the Soviet Union in the US, Soviet Deputy Culture Minister Georgy Ivanov said.

Dustin Gee dies

Television comedian and impersonist Dustin Gee, 43, died in a Southport hospital. He suffered a heart attack during a pantomime on Wednesday.

MARKETS

DOLLAR

New York lunchtime:

DM 2.463

FF 7.658

SFr 2.0705

V202.6

London:

DM 2.461 (2.473)

FF 7.555 (7.455)

SFr 2.067 (2.052)

V202.6 (199.06)

Dollar index: 126.1 (125.4)

US LUNCHTIME RATES

Fed Funds 8.1%

3-month Treasury Bills:

yield: 7.28%

Long Bond: 10.5%

yield: 9.25%

GOLD

New York: Comex Feb latest

\$330.0

London: \$327.5 (\$327.25)

Chief price changes yesterday. Back Page

BUSINESS SUMMARY

FT Index up 11.1 to fresh peak

SHARE prices rose on Europe's stock exchanges and key market indicators closed at record levels in London, Frankfurt, Zurich, Stockholm and Milan. World Stock Markets. Page 10

In London, the FT Ordinary Share Index surpassed its previous peak of 1,146.2.

TALKS BETWEEN Westland, Britain's sole helicopter maker, and its favoured partner Sikorsky/Fiat are to continue this weekend in an effort to agree on an improved rescue plan for the company.

The negotiations are mainly designed to improve the financial terms of the offer put forward by the US helicopter manufacturer and its Italian partner, which Westland has conceded are inferior to the proposal by a consortium of five European aerospace manufacturers.

Mr Michael Heseltine, the Defence Secretary, yesterday ignored the Prime Minister's efforts to damp down the Cabinet controversy over Westland and continued to underline the advantages of the European offer.

In a letter to Mr David Horne, managing director of Lloyds Merchant Bank, which is advising the European consortium, the Defence Secretary pointed to the risks the company would face by choosing the Sikorsky/Fiat offer.

Westland hopes it can secure better terms from Sikorsky/Fiat so that Sir John Cuckney, the chairman, can firmly recommend it to shareholders at an extraordinary meeting on January 14.

Last night several key insti-

tutional shareholders said they were disappointed that two days of talks between Westland and Sikorsky/Fiat had failed to produce a new offer.

They expressed guarded support for the plea by Lloyds Merchant Bank to adjourn the extraordinary meeting to give them more time to consider the offer.

Mr Michael Baughan, a director of Lazard Brothers advising Westland, declined to comment on any aspect of the negotiations other than saying that they would continue over the weekend.

The difficulties facing the negotiations appear to centre on two key issues.

Legal opinion is divided on whether Sikorsky/Fiat can produce a new offer without Westland being required under company law to postpone the shareholders' vote at the extraordinary meeting.

Sir John, however, has made it clear that he wants the battle over the future of Westland, which has raged in Whitehall and in Parliament for the past four weeks, to be resolved quickly in the interests of the workforce and the company's shareholders.

Equally, Sir John is understood to be wary of postponing the meeting because it would give the European consortium

reached on November 25, while gaining 11.1 points to close at 1,149.6. Blue chip issues were boosted by news of Ministry of Defence orders. Page 12 - Lex. Back Page

DOLLAR recovered in response to comments by the Governor of the Bank of Japan on the need for the yen to settle at its present level. In London the US currency closed Y3.55 higher at Y202.8 and gained 2.35 pence to DM 2.461. Its index was up from 125.4 to 126.1. Page 11

PHILLIPS Petroleum has won a court award of Nkr 140m (£12.8m) and Nkr 675,000 costs against the Norwegian Government over royalties on Ekoisk oil output. Back Page

BOEING of the US has won airliner orders worth nearly \$2bn (£1.4bn), which include further orders from Japan Air Lines for 747 Jumbos. Back Page

UNITED TRUSTS: European funds dominated the 1985 performance tables. The best result came from Oppenheimer's European Growth trust which gained 84.9 per cent over the year.

BRITAIN'S gold and foreign currency reserves fell by an underlying \$415m in December. It was the largest monthly decline for three years. Page 3

NCB has shut 24 pits in the past six months and says a few more must close if coal output is to be brought in line with demand. South Wales has been hit hardest. Page 4

GNK has sold its fasteners division to the management for \$11.6m in a financing operation co-ordinated by Citicorp Venture Capital. Page 8

TRADEWINDS, UK cargo ship wholly owned by Lourou, said it was ceasing to trade because of over-capacity in the market. Page 4

TOWNSEND Thoresen ferry services dispute at Dover ended with a deal to refer the issue and any local disagreements in future to independent arbitration. Page 4

BEDFORD commercial vehicles offshoot of General Motors of the US, is to cut six days' production at its Luton van plant this month to reduce stocks. Page 3

INTERNATIONAL City Holdings, money broker, may acquire MRC Investments, a New York-based security broker, in a deal worth up to \$15m (£10m). Page 8

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OVERSEAS NEWS

Carrington warns Spaniards over Nato withdrawal

BY DAVID WHITE

SPAIN'S European allies would consider the country's withdrawal from Nato as a result of its planned referendum to be "a very grave weakening of the Alliance". Lord Carrington, who was Secretary-General warned in Madrid yesterday.

Mr Felipe Gonzalez, the Spanish Prime Minister, said withdrawal would be inevitable if a majority voted against membership. This was despite the fact that the referendum was legally only consultative.

This was the first time that Mr Gonzalez, who has changed his party's stance on Nato and is urging a vote in favour of continuing membership, had stated in so many words that Spain would pull out of the Alliance if it lost the referendum.

Spain joined Nato in 1982, but the question of its integration into the Alliance's military structure was frozen when the Socialists came to power the same year.

Mr Gonzalez, whom advisers believe will resign if he loses the gamble, said that in the event of a negative outcome "the Government cannot maintain Spain in the Alliance... that is obvious in a democracy."

Reaffirming his intention of calling the referendum in the first fortnight of March, he

warned that withdrawal from Nato would have a negative impact on Spain's relations with the EEC, which it joined at the same time.

He made the statements at a joint press conference following talks with Lord Carrington, who was making the first official visit to Spain of a Nato Secretary General.

Lord Carrington made it clear that Nato considered Spain to be "a very important member" but he took care to avoid the appearance of putting pressure over the vote. "You make your own decision about whether you remain in Nato or whether you don't," he told the Spaniards, adding that the decision to hold the referendum was up to the Government.

The Allies would accept it if Spain remained outside the integrated military command, in accordance with Mr Gonzalez's stated intentions. A number of Nato countries, including France and Greece, were in similar positions and this was "understood and taken care of by other members of the Alliance," he said.

In an effort to cater to Spanish sensibilities about US dominance of Nato, Lord Carrington emphasised the European side of the Alliance and its democratic structure.

Giscard warning on move to force Mitterrand out

BY DAVID HOUSEGO IN PARIS

FRANCE'S FORMER President Valéry Giscard d'Estaing has strongly warned his colleagues in the French opposition against trying to force President François Mitterrand to resign in the event of a right-wing victory in the Parliamentary elections in March.

In a long interview in today's Figaro, Mr Giscard d'Estaing argues that there is no constitutional way that Mr Mitterrand can be forced to step down before his term of office ends in 1988.

But Mr Giscard d'Estaing says that a right-wing victory in March would rob President Mitterrand of virtually all his powers.

New Commission portfolios

Full list of portfolios in the new European Commission:

Commissioners	Responsibilities
President: Jacques Delors	Secretariat-General, Legal service, spokesman, interpreter, monetary affairs, Co-operation and development, Industry, information technology, science, research
Vice-President: Lorenzo Natali	Agriculture, forestry
Vice-President: Karl-Heinz Narjes	Internal market, customs union, taxation, financial institutions
Vice-President: Friedrich Andriessen	Budget, financial control, personnel and administration, Social affairs, employment, education and training, Mediterranean policy and North-South relations
Vice-President: Lord Cockfield	Economic affairs, regional policy, statistics
Vice-President: Henning Christoffersen	Co-ordination of structural funds, consumer protection
Vice-President: Manuel Marin	External relations and trade
Member: Claude Cheysson	Energy, Euratom, publications
Members: Alois Pfeiffer	Environment, transport, nuclear safety
Members: Grigoris Varfis	Institutions, People's Europe, information, culture, tourism
Members: Willy De Clercq	Competition, relations with European Parliament
Members: Nicolas Mosar	Fisheries
Members: Stanley Clinton Davis	Credit, investments, financial instruments, small and medium businesses
Members: Carlo Rita di Meana	
Members: Peter Sutherland	
Members: Antonio Cardoso e Cunha	
Members: Abel Matutes	

Patrick Cockburn looks at some of the problems in store for Russians who aspire to their own transport

Why Soviet cars are more than just a question of cash

IN THE winter snows, the 11m car-owners in the Soviet Union often protect their vehicles by leaving them in garages for three or four months.

On average, a Soviet private car runs for only nine months of the year, and where garage space is not available, it is covered with a tarpaulin to protect it until spring.

There is good reason why Soviet citizens devote such care and attention to their cars. The difficulty of buying a car has gone down in recent years, but the price is still high, between 8,000 and 9,000 roubles (£7,300-£8,200) for the most popular makes such as the Zhiguli (sold in the West as Lada). Soviet studies show that on average, a motorist will have saved eight years to buy his car.

Despite this, private-car ownership is increasingly common in the Soviet Union, even if the phenomenon is comparatively new. In 1980, there were only 6.3m private cars in the country, giving an average of 24 cars per 1,000 people, compared to 256 in Britain and 526 in the US. Last year, Soviet citizens bought 1.5m cars.

In the shopping rush before the New Year holiday, the streets of Moscow have been crowded in the evening with

medium-size Zhigulis and Mossviches (8% per cent of private cars), tiny Zaporozhets (17 per cent) and the good-sized Volgas (3 per cent).

But the backbone of the Soviet transport system for individuals remains buses, trams, trains and aircraft.

Every city with a population of more than 1m has a right to have its own metro system. Fares are low. "It costs me five kopeks (less than five pence) for a 45-minute metro journey to work and the same to go home," said one Muscovite with a car, explaining why he does not drive to work.

Yet the demand for cars is high, despite the high price for purchase and maintenance. Soviet drivers advance three reasons for this. In the cities, where two-thirds of Soviet car-owners live, new housing projects are often a long way from work.

But leisure trips outside the city on days off, not access to work, is the main reason advanced by 56 per cent of Soviet citizens who were asked why they bought a car. Only 10 per cent of those questioned said shorter travelling time to work was their prime motive.

Moscow and Leningrad are

English cricket programme under threat

By Robert Mauthner,
Diplomatic Correspondent

ENGLAND'S international cricket programme and possibly some of its other international sporting links are threatened by the last-minute cancellation on Thursday of the England "B" team's cricket tour of Bangladesh.

The tour was cancelled when the players were already at Heathrow Airport and after four members of the team with South African connections had been refused entry to Bangladesh because they had declined to sign a declaration deplored apartheid and undertaken not to play or coach in South Africa in the future.

The four players were advised not to sign the declaration by the English Test and County Cricket Board (ETCCB), which was worried about creating a precedent.

Though Bangladesh's move has caused a furor in Commonwealth sporting circles, the Foreign Office in London denied that the inclusion of players with South African connections in an English touring side contravened the 1977 Gleneagles agreement between the Commonwealth countries on sporting links with South Africa.

Under that agreement, the signatory governments undertook to withhold any form of official support for and actively to discourage sporting links between its nationals and South African sports organisations. But officials stressed that the British Government could not impose travel restrictions on its own citizens and that the exercise single-handed is his power to dissolve the National Assembly. But Mr Giscard d'Estaing maintains he would not be able to delay legislation or a government appointment beyond 15 days.

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arguing that trying to force the President to step down would degrade the office of the Presidency, result in a two-year period of political turbulence in France and tear the Right apart over its choice of a Presidential candidate.

Though the indications at the moment are that the second leg of the English tour of Sri Lanka will be allowed to go ahead, the third leg to Zimbabwe is under threat, as is the winter Test tour by England of the West Indies, due to start later this month.

Mr Surman Mehta, Vice-Chairman of the Zimbabwe Sports and Recreational Council, yesterday said that if the four players in question did not provide not to have any more sporting contacts with South Africa, the English cricket team would definitely not be allowed to play in Zimbabwe. The Council will have the final say on the matter.

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UK NEWS

Reserves show biggest fall for three years

By MICHAEL PROWSE

BRITAIN'S gold and foreign currency reserves fell by an underlying \$416m in December, the biggest monthly fall for three years.

The fall was sharper than expected, prompting speculation among City analysts that Bank of England intervention to support sterling during last month's oil price scare had been more substantial than suspected.

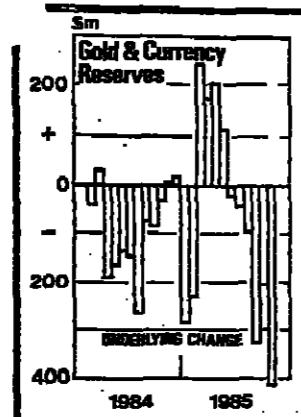
The apparent scale of intervention was thought to reflect the authorities' determination to defend the pound, and thus keep the anti-inflation policy intact, without raising interest rates.

Britain's underlying reserves have fallen every month since July but the rate of decline has accelerated since September when finance ministers at the Group of Five meeting in New York pledged action to bring down the dollar.

In the three months since September, the average fall in underlying reserves was \$314m. In the preceding three months, the average fall was only \$47m. Official reserves were rising in the first half of last year.

Mr Stephen Lewis, chief economist at Phillips & Drew, the broking firm, said last month's figures indicated that Bank intervention to support the pound went well beyond "smoothing operations."

He said that with the sterling index, which measures the pound's value against a basket of foreign currencies, at about



78, the limit of official tolerance for exchange rate weakness may have been reached.

Officials at the Treasury and the Bank, while conceding there had been some foreign exchange intervention last month, denied the fall in underlying reserves was necessarily a good guide to the scale of intervention. They said changes in the reserves reflected a variety of official transactions besides intervention on the foreign exchange markets.

The actual fall in reserves last month, which, unlike the underlying change, includes the effect of new borrowings and repayments, was \$433m.

At the end of December, the official reserves stood at \$15.54bn, well above the level of a year ago because of the boost in October from the Government's \$2.5bn floating rate Euroloan.

Store chain in financial service link

By Our Financial Staff

WICKES, THE home improvement stores chain, today launches financial and banking services for customers with Western Trust & Savings, the Plymouth banking group. The move marks further expansion of banking beyond traditional limits.

The facility will enable the stores' clients to obtain mortgages, personal loans, insurance and personal banking services. It includes a home buying and selling service. The key to the service is a terminal linking the stores to Western Trust computers in Plymouth and enabling stores to offer mortgages and loans on the spot.

Wickes' property and financial services branches will also offer personal banking facilities provided by the bank. Current accounts will carry no charges and have a £500 credit facility.

The banking service is based on software developed by the bank. The bank hopes to sell it to other retailers. Western Trust is a Royal Bank of Canada subsidiary.

• The replacement by most UK banking groups of old-style cheque-guarantee cards with bearing a hologram has confused some users and retailers. Barclaycard and TSB Trustcard, which act both as credit and cheque-guarantee card, are not affected by the change but some retailers have refused to accept some of them because they think them invalid.

Thousands still have old-style Barclaycards and Trustcards, valid until expiry. Retailers should accept these, subject to usual procedures, both as credit and cheque-guarantee card, until expiry date.

SDP council to debate advertising on the BBC

By IVOR OWEN

DIFFERING views among the leaders of the Social Democratic Party over whether advertising should be introduced by the BBC will be debated by the party's policy-making forum at Bath later this month.

Two motions reflecting the conflict of opinion have been tabled by the policy committee and they will be debated during the final stages of the two-day session of the Council for Social Democracy opening on January 25.

Mr Charles Kennedy, MP for Ross, Cromarty and Skye and a former BBC journalist, will propose a motion calling for the abolition of the existing licence fee system and advocating that some of the BBC's services should be financed by advertising.

The motion also suggests that finance for the areas in which the BBC remains a public broadcasting service should be financed by a five-yearly government grant, with the amount determined in the light of advice from an independent broadcasting audit commission.

The motion urges the Peacock Committee, examining alternative methods of financing the BBC, to define proposals for new boundaries for a protected public broadcasting service capable of maintaining two national television channels and

Artificial intelligence venture to be closed

By Raymond Snoddy

RACAL ELECTRONICS and Norsk Data, the Norwegian mini-computer company, are to close a joint venture which has been developing artificial intelligence computer systems.

The venture, Racal-Norsk, will cease trading at the end of the month, less than two years after it was set up with the aim of producing a system to develop artificial intelligence applications in defence, engineering, education and finance. About £2m was invested in the project.

A system was produced last year and sold to several customers including the Norwegian Government and a Norwegian university, but there was no sign that the joint venture could have made an operating profit this year.

The market for large artificial intelligence systems had not developed as quickly as expected, the company said yesterday.

Norsk Data plans to form a development team to investigate the use of artificial intelligence software on its micro-computers. Racal will continue to examine the potential of artificial intelligence for defence and data communication systems.

Mr HARRY EWING, the Labour MP for Falkirk East, said yesterday he was concerned about the consequences of a takeover of the Distillers Company by the Argyll food group.

In a rare political attack against Argyll's plan, Mr Ewing issued a statement saying he had asked Mr Leon Brittan, the Trade and Industry Secretary, to refer the £1.8bn bid to the Monopolies and Mergers Commission.

Mr Ewing said Argyll's implied intention to sell off the non-drink activities of Distillers — a reference to its yeast and carbon dioxide business — would have serious consequences for Central Region

with as many as 700 jobs at risk.

A number of DCL's operations are in Mr Ewing's constituency.

He said he did not accept Argyll's assurances that jobs

were secure on the drinks side because a bottling plant in

Grangemouth owned by the ADP company within Argyll and sold to William Muir, the specialist bottling company, was later closed.

Mr Ewing also attacked Argyll's proposal to set up a new group headquarters in Edinburgh saying Mr James Gulliver, Argyll's chairman, had also given the impression the offices would be built in Stirling.

Argyll dismissed the attack.

Mr Alistair Grant, the com-

European funds top unit trust league

By GEORGE GRAHAM

EUROPEAN investment funds scored a resounding success last year and dominate the year's unit trust performance tables compiled by Planned Savings magazine. The best performance came from Oppenheimer's European Growth trust, which gained 84.9 per cent over the year.

Trusts investing in Europe filled 15 of the top 20 places. Of the 24 European specialist trusts, only one—a Hamburg fund specialising in Scandinavia—failed to achieve an investment performance in the top 10 per cent of all unit trusts.

Led by West Germany, European stock markets have risen strongly over the year. With the Commerzbank index up by more than 75 per cent in the year, the Capital International European Index has gained 43 per

UNIT TRUST PERFORMANCE IN 1985

	£
1 Oppenheimer European	184.9
2 FS Balanced Growth	172.5
3 Murray European	169.4
4 Baring First Europe	167.5
5 Guinness Mahon Recovery	166.8
6 Tyndall European Growth	166.0
7 Girofund European	165.3
8 TR Special Opportunities	165.2
9 Mercury European Growth	164.0
10 GRE European	163.5

*Figures calculated on the basis of unit sale prices.

Source: Planned Savings

investors. Domestic investors have been left behind.

Mr Martyn Page, who manages the Oppenheimer European Growth fund, said he believed the rise in European share values was not a flash in the pan but reflected a revaluation by UK and US investment managers bringing new analytical methods to the European equity markets.

Stock markets have also been helped by fiscal incentives such as France's Lot Monory or Belgium's Lot de Clerc, which provide tax relief for private investors who buy shares.

European specialist funds have largely displaced last year's top performing unit trusts, which included both UK and Japanese funds. Only FS Balanced Growth—like Oppenheimer European, a new fund which did not feature in last year's tables—Guinness Mahon Recovery and TR Special Opportunities are ranked in Planned Savings' top 10.

Japanese and US unit trusts have not matched European investment gains. The best performing Japanese unit trust, MIM Japan Performance, gained 38.5 per cent over the year, while BG America, the best US performer, rose by 37.2 per cent.

All but two of the 24 European specialists beat this performance.

The worst results came from two unit trusts investing in the Singapore and Malaysian stock markets, which collapsed in December. Henderson and Schroder both saw their specialist funds' unit prices drop by 40 per cent during 1985.

Bedford cuts van production at Luton

By John Griffiths

BEDFORD is to cut six days' production at its Luton van plant this month to reduce stocks, mainly larger versions of its Midi panel van.

The action is intended to reduce the month's output by 450 units.

Bedford, General Motors' UK commercial vehicles subsidiary, attributes the move to an imbalance in stocks rather than an overall decline in demand.

Some long wheelbase and windowed versions of the Midi, launched at the start of last year, have not achieved the sales expected—although the range overall increased Bedford's sales in the up to 2.5 tonnes sector by nearly 36 per cent last year. This compares with 8 per cent growth in the smaller sector itself last year.

Bedford also produces the larger CF van at Luton. The two models combined increased Bedford's sales in the total medium and heavy van market by about 10 per cent last year, placing it third behind Ford and BL's Freight Rover division.

About 90 employees at Luton will be affected by the cutback, although the company said yesterday they would be fully covered by a wage security agreement.

Labour MP attacks Argyll bid to control Distillers

BY MARY MEREDITH, SCOTTISH CORRESPONDENT

With results like these, it pays to know who your Friends are...

FRIENDS' PROVIDENT

(January 1986)

FRIENDS' PROVIDENT

(November 1985)*

NEXT BEST OFFICE

(Planned Savings: November 1985)*

AVERAGE OFFICE IN TOP TEN

(Planned Savings: November 1985)*

WORST OFFICE IN TOP TEN

(Planned Savings: November 1985)*

*For policyholders retiring on 1st September 1985.

£4,867
£4,677
£4,486
£4,269
£4,090

This is just one example of the impact of our new bonuses.

The more you look at our track record—both over short and longer term policies—the more you realise that knowing the right people can make all the difference between a modest return and an outstanding one.

This spectacular result is yet further proof that our policyholders benefit considerably from our enviable investment expertise.

When it comes to bonuses, the figures above carry a loud and clear message for 1986.

It pays to know Friends' Provident.



Friends' Provident
Member of the Association of British Insurers
PERSONAL PENSION PLANS

UK NEWS

Change of emphasis in industrial policy urged

By Michael Prowse

GOVERNMENT industrial policy should change emphasis to reflect recent advances in economic theory, an article argues in the Royal Bank of Scotland Review published yesterday.

Mr K. J. Button, an economist at Loughborough University, says regulators should concentrate less on the internal structure of markets and more on the availability of new entrants capable of challenging established companies.

He says industrial policy should strive to reduce entry and exit barriers to and from markets rather than to reduce the size of companies in markets.

He suggests consumer protection and maximum efficiency may not always require vigorous competition in a market. More important than the number or size of existing companies is whether the market as a whole is "contestable"—that is, whether potential competitors represent a credible threat.

Mr Button feels the "contestable markets" theory implies nationalised industries will be efficient provided they face the threat of potential competition.

Privatisation in itself does little to spur efficiency because it does nothing to make markets more contestable.

Royal Bank of Scotland Review, December 1985, 36 St Andrew Square, Edinburgh EH2 2YE.

BP chooses Herts site for headquarters

Financial Times Reporter

BP OIL has chosen a 15 acre site at Hemel Hempstead, Herts, for its headquarters. Plans provide for a four-storey main block with ancillary buildings on land owned by the Commission for New Towns.

The company will transfer its staff of more than 700 from the headquarters in Victoria Street, London, plus 600 already at Hemel Hempstead, to the new location.

The company's present offices in Hemel Hempstead shopping centre were partly closed when structural defects were found. Repair work was stopped when it was awaiting the outcome of a feasibility study on new headquarters.

Work on the new buildings is expected to begin in the spring, with an occupation date set for late 1988.

South Wales hit hardest by pit closures since July

BY MAURICE SAMUELSON

THE National Coal Board has shut 24 pits in the past six months and says a handful of further closures are needed to bring coal production in line with demand.

South Wales has been hardest hit with the closure of nine pits, followed by Yorkshire with seven, and three closures each in the north-east and western areas.

Some 35,000 men are expected to have left the colliery workforce by the end of the financial year, and the industry may have to step up recruitment to balance natural wastage. The board employs 151,000 people compared with 228,000 in 1980.

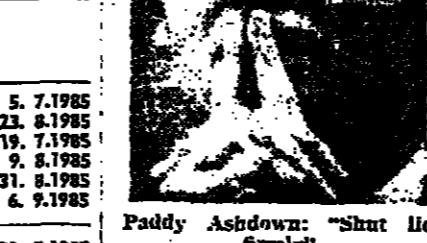
The closures have enabled the board to stop losing money on the production of coal. There are prospects of further improvement in the first part of this year while longer-term prospects depend on demand and the extent to which the electricity industry will expand nuclear stations and use more foreign coal for coastal stations.

The closure programme has gathered pace since last September when three pits were closed. A further eight were closed in October, five in November and three in December.

On October 25, the board closed Cortonwood, South Yorkshire, one of the collieries threatened by the closure of which triggered off the strike. The total closed since last July is one more than the 23 proposed closures shelved when the first Thatcher Government and the NCB retreated in the face of a national strike threat by the miners five years ago.

Otherwise, board officials say resistance has been weaker than expected. In the former strike-

COLLIERY CLOSURES 1985-86		
Position at Thursday, 2/1/1986		
1 Acloton Hall	N. Yorks	Closed 5. 7.1985
2 Savile	N. Yorks	Closed 23. 8.1985
3 Moorgreen	S. Notts	Closed 19. 9.1985
4 Pye Hill	S. Notts	Closed 9. 9.1985
5 Bedwas	S. Wales	Closed 31. 9.1985
6 Cefnlyn South	S. Wales	Closed 6. 9.1985
7 Markham	S. Wales	Closed 20. 9.1985
8 Treforgan	S. Wales	Closed 30. 9.1985
9 Penrhyder	S. Wales	Closed 8.10.1985
10 Aberthill	S. Wales	Closed 7.10.1985
11 Abergavenny	S. Wales	Closed 18.10.1985
12 Wiston	Western	Closed 15.11.1985
13 Yorkshire Main	S. Yorks	Closed 11.10.1985
14 Brookhouse	S. Yorks	Closed 25.10.1985
15 Cortonwood	S. Yorks	Closed 25.10.1985
16 Breanby	N. East	Closed 25.10.1985
17 Haig	Western	Closed 26.11.1985
18 Bold	Western	Closed 15.11.1985
19 Fryston	N. Yorks	Closed 6.12.1985
20 St John's	S. Wales	Closed 22.11.1985
21 Garv	S. Wales	Closed 13.12.1985
22 Sacriston	N. East	Closed 15.11.1985
23 Herrington	N. East	Closed 22.11.1985
24 Emley Moor	Barnsley	Closed 20.12.1985



Paddy Ashdown: "Shut lid firmly"

Call to end ministerial squabble on Westland

By Iver Owen

MR PADDY ASHDOWN, Liberal MP for Yeovil and the party's trade and industry spokesman, has called on the Prime Minister to end the public squabbling between the two members of her Cabinet

most directly involved in policy issues affecting the company mentioned for Westland, the helicopter company.

He wrote to Mrs Thatcher yesterday insisting that the public disagreement between the two members of her Cabinet

should cease forthwith.

Mr Ashdown, whose Yeovil constituency includes Westland's main operational centre, told her that what the company needed now more than anything

was a period of peace and quiet in which to make "a very difficult decision on the basis of what is best for the company and the service it provides for Britain's defence."

He protested that the two ministers' tactics had affected Westland's future and the standing of its prospective partners "whoever they may be."

He expressed continuing anxiety that "given the political reputations which have been allowed to become embroiled in this decision, Westland will not ultimately suffer from whichever side has in the end, had their nose put out of joint."

He said: "The time has arrived when the two ministers concerned should be put back in the Cabinet and the lid firmly shut, and it's up to you to see that this happens."

Nut plants to close

SMITHS CRISPS is to close its nut-processing plants at Corby, Northants, an unemployment blackspot, in two weeks with the loss of 140 jobs.

ECONOMIC DIARY

MONDAY: Personal income expenditure and saving (third quarter). Industrial and commercial companies' appropriation account (third quarter). Credit business (November). Retail sales (November final). Closing date for Habitat Mothercare/British Home Stores merger proposals.

TUESDAY: Provisional estimates of monetary aggregates (Mid-December). London and Scottish banks' monthly statistics (mid-December). First closing date for Argyll Group's bid for Distillers.

WEDNESDAY: Quarterly analysis of bank advances (mid-November). Housing starts and completions (November). Advance energy statistics (November). Overseas travel and tourism (November). AUEW Tax to make statement on Westland crisis. Harrods sale starts. US employment figures (December). EEC Transport Ministers hold informal meeting at The Hague (until January 9).

THURSDAY: Unemployed and unfilled vacancies (December). Launch of anti-Sunday trading campaign in London. French Economics and Finance Minister to address economists in Paris on 1986 policy.

FRIDAY: Car and commercial vehicle production (November final). Building Societies' monthly figures (December).

LABOUR

Dover ferry dispute ends with arbitration pact

BY DAVID BRINDLE, LABOUR STAFF

THE DISPUTE which halted Townsend Thoresen ferry services from Dover for three weeks ended yesterday with agreement to refer the issue and all future unresolved local grievances to independent arbitration.

The agreement, which should in theory preclude industrial action over local disputes, is being seen as of considerable significance in an industry prone to periodic disruption.

The National Union of Seamen was anxious to stress that the settlement did not constitute a no-strike deal. It said, however, that it "should make it easier to sort out local disputes without recourse to strike action."

Townsend Thoresen, part of European Ferries, said: "Our hope is that the agreement will provide continuity of work and avoid the kind of situation we have had over the last three weeks."

The dispute, which involved 2,000 NUS members, was sparked by the union's claim for

manning and paid leave improvements on two ferries which were being enlarged to take more freight. A 72-hour strike began on December 13 and developed into what the NUS described as a lock-out.

If the two sides do not think Acas is suitable, an alternative third party arbitrator can be agreed. However, the agreement stipulates: "Once the matter is referred to arbitration, the award of the arbiter shall be binding on all parties."

Shipping industry leaders said the deal could mark a changed attitude towards industrial relations in the sector but remained sceptical about the chances of curbing disruption in practice.

It was pointed out that there could be argument over what was a "local" dispute as opposed to a "national" one where industrial action could be taken. It was also felt the agreement would not stop unofficial action—particularly at times when a grievance was working its way through the disputes procedure to arbitration.

Private health plan for government agency staff

BY OUR LABOUR STAFF

EMPLOYEES of the Government's Property Services Agency are to be offered discount health screening by Bupa, the private health care company, by arrangement with their management.

The PSA said it intends to go ahead with a pilot scheme for 3,500 staff in London and Chessington, Surrey, in spite of strong objections from Civil Service unions.

The unions, which believe the scheme could be copied in other government departments, have registered total opposition to the use of Bupa. They are raising the issue with MPs and are protesting to ministers.

Under the scheme staff will be invited to attend free health education talks and then to undergo fitness screening at

Rival union to Nalgo launched

By Our Labour Staff

THE FEDERATED Union of Managerial and Professional Officers (Fumpo), the new union for senior managers in the public services was formally launched yesterday to the scorn of its main rival.

The National and Local Government Officers' Association said Fumpo's claim of 8,500 initial members was a gross exaggeration, and that its organisation consisted of "rank amateurs."

Fumpo, which came into being on January 1 from the merger of 20 small professional associations, is likely to remain outside the TUC and to forge firm links with other non-TUC unions. Mr David Such, its national press officer, yesterday likened it to the breakaway Union of Democratic Mineworkers.

The union says it has sent out 3,000 membership packs to potential recruits, following a pre-launch advertising campaign.

Fumpo is expected to draw most of its strength from local government where its leaders claim, senior officers are disenchanted with Nalgo's image of concern with issues such as gay rights and international affairs.

Nalgo is also charged with being too "political," although it is not affiliated to the Labour Party.

Gartcosh protest march

BY OUR LABOUR STAFF

A REPRESENTATIVE group of nine campaigners, including politicians of all the main parties, yesterday set out on a 450-mile walk to London to protest at the planned closure in March of the Gartcosh steelworks, near Glasgow.

Local MPs and churchmen were among about 100 supporters who joined for the first few miles of the march, which is designed particularly to win

backing in England for the campaign to save the 700 jobs at the plant.

Mr Tommy Brennan, union convenor at the sister Ravenscraig steelworks in Scotland, said: "We are desperate people trying to ensure we have a steel industry left in Scotland."

The march is expected to take 10 days to reach London, where the marchers hope to meet the Prime Minister.

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Let's be constructive

8 simple reasons why the Beazer offer for French Kier makes sense.

1. Respect.

Too many takeovers are conducted as a kind of slanging-match. We find this unworthy. There are serious matters at issue.

So let us say at once: as a contractor, French Kier has a fine record.

We don't want to deny what French Kier has done in the past. We are thinking about the future. Times change.

2. Common sense.

Look about you. We believe the major contractor, concentrating on little else, is becoming a thing of the past, is too unbalanced in this day and age and has too many eggs in one basket.

In a way, we see French Kier as among the last of its kind. It has not survived without scars (Iraq for one).

The obvious remedy is to diversify, particularly into housebuilding. French Kier put the case for this in its recent bid for Abbey. Pity it didn't succeed—it makes sense.

We are seeking a genuine merger, not a shotgun marriage. A sensible, balanced move ahead, for French Kier and for Beazer, to create a major new force in the construction industry.

3. People.

If Beazer has one proven talent above all others, it is for making companies work as companies, in a group: for integrating them without submerging them; for motivating the people who run them; for giving managers genuine powers of decision, with their own financial controls, and appropriate rewards.

We could fill the whole of this paper with pictures of happy, smiling Beazer executives who have joined us through acquisitions.

Beazer is a good place to work, and we believe it shows. We look forward to welcoming French Kier management at all levels.

4. Track record.

This is how we have handled some of our recent acquisitions.

SECOND CITY Their management now occupy key positions in the Beazer Group.

BRAHAM MILLAR (64% owned). Offer price, June 1984: 40p. Current share price: 135p.

KENT Significantly strengthened our property activities, particularly our development capabilities. Much increased profit contribution expected in future years.

LEECH Fully integrated, operating profitably with excellent morale.

BEAZER GROUP Over the 5 years to 30th June 1985, pre-tax profit increased by 427%, earnings per share (fully taxed) by 163%, and market capitalisation by 1,986%.

Make comparisons. Draw conclusions. We believe you cannot shrug off achievements like these.

5. Compatibility.

Beazer is not 'just' one of the UK's Top Five housebuilders.

We already have a UK contracting business with a turnover of £75m. French Kier's UK contracting turnover last year was £200m.

Our contracts have included £12m for the Museum of London, £10m at the Old Bailey, £5m at the V&A. And so on. Even £1/2m to restore the ceiling of the House of Lords.

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6. 'The natural fit.'

In our view French Kier needs Beazer and Beazer wants French Kier. It is not only our main activities that are complementary, but our trading cycles, our cash profiles, even our regional strengths. It is 'a natural'.

Together we shall be strong and stable, because broadly-based.

We believe the commercial logic of the merger has not been, cannot be, and will not be successfully challenged.

Quite simply, it is the right thing to do.

7. Money. Your money.

As a French Kier shareholder you stand to gain substantially from the Beazer offer—in capital and in income. This is explained in detail in two documents which have been posted to you—the original offer document and Mr Brian Beazer's letter of the 21st December. *In your own interests, please read these papers carefully.*

If you would like extra copies, to help you in consulting a professional adviser, this can be arranged.

Ring 01-638 6000, Extension 2547. The sooner the better.

8. The offer is still on the table.

Complete the Acceptance Form and post it today.

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Saturday January 4 1986

Westland and Europe

WESTLAND, the British helicopter maker, needs financial help if it is to survive. Should the help be American or European? This apparently straightforward question has become the focus of an intense debate in the British Cabinet elsewhere, about the structure of the European defence industry, its relationship with the US and the role of governments in influencing corporate decisions.

European buying decisions in France have usually reflected a mixture of pressures — the desire for national or European independence, the influence of industrial lobbies and financial constraints. But it has become clear in recent weeks that proponents of a European solution for Westland — particularly Mr Michael Heseltine, the British Defence Secretary — see the need for a much more vigorous use of Government purchasing power to promote industrial objectives. They regard Westland as a crucial test case.

Key technologies

The argument is that certain key technologies and manufacturing capabilities must be maintained in Europe; that they must be developed independently of the Americans; and that they must be preserved by a "Buy European" procurement policy. The design and manufacture of helicopters is seen as one of these technologies; hence the plan for a nationalised range to be built collaboratively by the four European companies, and the determination to prevent Sikorsky, the leading US producer, from acquiring a stake in the European industry.

It is not clear to what extent the four European governments involved in the Westland affair — the UK, France, West Germany and Italy — are fully committed to this line of thinking. There are, in any case, some serious problems with it. Why should technological dependence from the US be in Europe's best interests? Is it to enable the Europeans to fight war without having to rely on American equipment and spares? This can hardly be the goal, since it implies an enormously expensive and hardly feasible degree of self-sufficiency. Proponents of the European approach point to the ruthlessness with which the US defends its own defence contractors and controls the transfer of sensitive technology to its allies. But it is not obvious that the right response is to tighten controls at Europe's technological frontiers or to limit the access of US companies to the European market.

It is true that parts of the European defence industry are weak and fragmented and that steps need to be taken to strengthen the European pillar of the Nato alliance. Collabora-

tion between companies can help this process and governments should play their part in pushing it forward. But competition is the most effective spur to efficiency and European governments need to be wary about schemes which limit both internal and external competition.

It is wrong to think of a black-and-white choice between European collaboration on the one hand and domination by US multinationals on the other. There are plenty of examples of successful co-operation between European and American companies in defence and other high-technology fields; this two-way process needs to be encouraged. In planning their defence procurement European governments should take a pragmatic rather than a Gaullist view of the potential US contribution. After all, they are part of the same alliance.

Westland's financial crisis did not provide a suitable context in which to press for an enforced European solution in helicopters. But the directors of the company now have to deal with the situation as it is, clarified somewhat by the Prime Minister's letter to the chairman this week.

They have to reckon with the fact that anti-American sentiments exist and may influence procurement decisions.

The threat by France, Italy and Germany to exclude Westland from collaborative projects if the Sikorsky deal goes ahead has some force even though the British Government has promised to resist it "to the best of its ability."

Like any other defence contractor, Westland has to take account of political realities, but the directors' main job is to restore the company to health and to make it as efficient as possible, so as to enhance its attractiveness as supplier and partner. If they believe the Sikorsky-Fiat link is more likely to achieve this, they should choose it in preference to the all-European offer.

The European offer, in turn, should be considered on its financial and industrial merits.

If the European consortium can convince the directors that, despite the obvious complexity of a deal involving five companies, their proposals will lead to a stronger and more competitive business than the rival plan, all well and good.

But the Westland board should not take too seriously the implied political threats that lie behind the European offer.

If the politicians in the UK and Europe want to make Westland a protected species, barred from shareholding links with the US, they should do so openly and clearly. The fact is there is no such policy and very unlikely to be one. Westland should make its decision on a commercial basis.

M R ROBERT MAXWELL. Big man, big cigar, big claims. Total managerial control reasserted in Mirror Group Newspapers. The group back in substantial profits from the beginning of this year. The decline in circulations halted and reversed.

On the other side of the big desk, the diminutive figure of Mr Joe Haines, looking as ever like a 1950s Hollywood villain, his political editor and a MGN director, immersed with Maxwell in getting the deal which brought these changes. Haines has been in Fleet Street since 1942 (with time off to help Harold Wilson run the country, or oppose those who were running the country, between 1964 and 1976) and says: "I never would have believed this possible."

Maxwell and Haines finally got their deal earlier this week; it will involve the departure of some 2,100 MGN workers and, it is claimed, see a new lean and efficient group rise from near ashes. Its immediate effect on the group will clearly be important: more important outside of the group's Holborn block will be its dynamising effect on Fleet Street. "It's a miracle," says Maxwell with typical understatement. "That is not too exaggerated a word. And the whole of Fleet Street are going to be the beneficiaries."

Fleet Street, synonymous with British national newspaper publishing, has over the past year faced the winds of industrial change. Mr Eddie Shah is to start a new national paper in March with printing centres up and down the country, direct typesetting by journalists and a single union deal with the electricians' union. Mr Rupert Murdoch, absentee landlord of the Times, Sunday Times, Sun and News of the World, has demanded a legally binding agreement with no closed shop, no demarcation lines and reassertion of management control. New London evening and national papers are being mooted either with no unions or with direct typesetting. And everywhere, the powerful print unions, the National Graphical Association and Sogat 82, are agreeing to deals they would have lit their branch secretaries' cigars with only a year ago.

The Mirror Group has been traditionally regarded — as its present chairman recalls with a garrulous chuckle — as a "mink-lined coffin." When Sir Keith Joseph came to lunch at the Group three years ago (under the old management) he asked: "How do you deal with the unions?" The honest answer came: "By giving in." Sir Keith literally staggered to a chair, says Maxwell, roaring with pleasure once more.

But when Mr Norman Tebbit came to lunch a few months ago (the Mirror entertains a lot of Conservative ministers for a Socialist newspaper) he had to say, in wishing its proprietor well in his endeavours, that if he did do well it would be a thorn in the Tories' side coming the next election. And, says the proprietor, that is what he intends to be.

Mr Tebbit will have assisted in this. For the agreement Maxwell has achieved is possible in part because of the ebb of union militancy, now finally reaching Fleet Street; and is in part based on Tebbit's Law — the 1982 Employment Act.

The deal is a remarkable document for Fleet Street. Its introduction states its objective

to be "to provide a sound working relationship based upon the responsibility and exclusive right of management to manage... It is the responsibility of employees and management alike, as their highest priority, to ensure the production on time and in the best attainable quality of all the titles to be produced by the Company at the most economic possible price in order to guarantee the company's ability to compete and its profitability."

The company has been divided into three legally separate companies: Mirror Group Newspapers 86, which provides the content of the paper; BNPC Services, for services like telephones, darkroom and computing; and British Newspaper Printing Corporation, for the typesetting and printing.

The importance of the split lies in the terms of the 1982 Act, which prohibits almost all "secondary action" — that is, action taken by the employees of one company against another. T. Bailey Forman, publishers of the Nottingham Post, set up a separate company to print on contract; and the "independence" of the company survived a challenge from the National Union of Journalists, then in dispute with David Dimbleby's Richmond and Twickenham Times group, which was being printed by the Nottingham company this week.

It is a lead the Mirror Group has followed. Within the three companies, employees must be flexible within obvious limits. Says Maxwell: "A member of the clerical staff will not be told to wash dishes in the canteen—but where there were, for example, 14 Sogat firms (ancillary) chapels, there is now one."

Overtime, once a large part of the gravy train (which has now, in the words of the famous Mirror editorial, "hit the buffers") is out except on the express word of the proprietor. Journalists now work a five-day week and their meal allowances have been cut: sub-editors are reckoned to have lost £3,000 a year on allowances alone.

Maxwell: "In spite of having twice as many journalists as our competitor (*The Sun*) we are spending close on £1m a month on (freelance) contributions—most of which were

spiked. The European offer, in turn, should be considered on its financial and industrial merits. If the European consortium can convince the directors that, despite the obvious complexity of a deal involving five companies, their proposals will lead to a stronger and more competitive business than the rival plan, all well and good.

But the Westland board should not take too seriously the implied political threats that lie behind the European offer.

If the politicians in the UK and Europe want to make Westland a protected species, barred from shareholding links with the US, they should do so openly and clearly. The fact is there is no such policy and very unlikely to be one. Westland should make its decision on a commercial basis.

Man in the News**President Assad****Syrian thorn in Israel's side**

By Roger Matthews



ONE OF the quickest ways to halt a dinner conversation in Tel Aviv is to admit having spent several hours talking to Hafez al-Assad and to have enjoyed the experience. The Syrian President arouses strong emotions in Israel, in part because his armed forces are a real threat but also because he is one of the very few Arab leaders who commands grudging respect there.

Since the 1973 war when Syrian armoured units came close to breaking through on the Golan Heights, President Assad has been a stubborn thorn in the Israeli side. He is frequently accused of being an implacable opponent of all attempts to secure a negotiated Middle East settlement, a sponsor of international terrorism and the main standard-bearer of Soviet interests.

During the past week the determination of President Assad not to be ignored on issues which he believes impinge directly on legitimate Syrian interests has again been forcibly underlined.

First, he secured an agreement, however fragile, from the principal militia leaders in Lebanon aimed at imposing a lasting ceasefire and substantial constitutional reform. Second, he drew back to Damascus King Hussein of Jordan, the man whom the Syrian media had accused of behaving like another Anwar Sadat in his alleged subservience to American and Israeli interests.

In the space of a few days President Assad had demonstrated that Syria is once again the dominant external power in Lebanon and that it is accepted by King Hussein as a vital element in the wider peace process.

That achievement has to be seen against the background of the Israeli-American effort in 1982-1983 to free Lebanon from Syrian involvement and the continuing effort to bring Jordan into bilateral negotiations with Israel on the Palestinian issue. President Assad's overall

objective is to turn the Arab clock back to before November 1977 when President Sadat arrived in Damascus to seek Syrian blessing for the trip he was planning to Jerusalem the following weekend.

Assad was appalled. Sadat's initiative, he warned, would only divide the Arab world and would not achieve anything for the Palestinians. The Syrian President remains convinced that, for negotiations to stand any chance of success, the Arab nations have to be united and move much closer to achieving military parity with Israel.

Most of his actions and the ruthless determination with which he pursues them stem from that conviction. It dictates close co-operation with the Soviet Union, as the main sup-

plier of weaponry, and deep suspicion of the US which is pledged to maintain Israel's military edge. (In Damascus the US is considered to be hostile to the concept of Arab unity.)

It also presupposes a firm power base in a country which before Assad took over in 1970 could be relied on to provide a coup or a revolution as an almost annual event.

Initially, Assad operated from a narrow base as both a member of the minority Alawite sect, which forms less than 15 per cent of the population, and as an air force officer. But although he has never won popular affection, he has inspired loyalty among several of the key men closest to him. The military plots against him have usually originated at junior

officer level. The response has been fierce and bloody. Military officers have been executed; the civilians in Hama who rose under the leadership of the Moslem Brotherhood in 1982 were mercilessly shelled for a week and part of the town was subsequently razed when troops finally entered it.

The scale of the Assad response was such that few Syrians believe that the Moslem Brotherhood can rebuild for many years. The main danger to him now, it is thought, is his own health.

In the autumn of 1983, President Assad suffered at least one heart attack. His incapacity sparked a struggle for the succession in Damascus in which his younger brother Rifat played a key role. The issue

BRITAIN'S NEWSPAPER INDUSTRY**Maxwell dares—and wins**

By John Lloyd and Raymond Snoddy



Mr Ian Robert Maxwell, MC, Hon DSC (Moscow State), Royal Swedish Order of the Polar Star (1st Class), Bulgarian People's Republic Order Star Phoenix (1st Class) is a proletarian figure. Arriving penniless in this country after distinguished wartime service, he moved into educational publishing and built up Pergamon into a successful if controversial company; his recent turning around of British Printing and Communications Company has been less controversial. He gained control of the Mirror Group in 1984 and is now moving strongly into satellite television. He was Labour MP for Buckingham from 1964-70 and remains a member of the Labour Party

its first year with a circulation of around 300,000.

Mr Maxwell believes his contract printing concept could have worked equally well for the management of the Daily Telegraph itself, avoiding the need for expensive new printing plants in Manchester and London.

"The Telegraph had a proposal on the table for BPCC to set up these plants in London and Manchester and contract print it. If Lord Hartwell (the Telegraph chairman) and his management had accepted it they would have remained independent and would never have looked back," Mr Maxwell says.

The Daily Telegraph confirmed last night that Mr Maxwell had offered to take over their Trafford Park plant in Manchester but the offer was rejected because the terms were unsatisfactory.

Spare printing capacity is constantly available. Mr Ben Stoneham, managing director of Portsmouth and Sunderland Newspapers believes one third of the provincial press has spare capacity during the night.

Not everyone agrees that contract printing is the inevitable way forward, with many Fleet Street managers determined to keep control over their own printing. The Guardian (whose main print run is handled by the Times in Gray's Inn Road) plans to move from contract printing and into a £20m plant in London's Docklands next year. And Eddie Shah, despite a revolutionary approach in other respects, has bought his own presses.

Whatever the future of contract printing it is difficult to overestimate the significance of the changes at MGN.

"He has achieved a brilliant stroke long overdue in Fleet Street. If it doesn't spread to other companies' papers will be at a severe competitive disadvantage," said Mr Frank Rogers, chairman of EMAP, formerly East Midlands Allied Press, who has been managing director of both the Daily Mirror and IPC. The chief executive of a national newspaper said yesterday: "It is the most fantastic, unaided achievement in Fleet Street in 25 years."

The savings will give Maxwell enormous flexibility to cut his cover prices, buy extensive television advertising to back his titles or reduce his advertising rates.

Mr Stuart Allman, senior industrial relations advisor to the Newspaper Publishers Association, believes it is something NPA members will want to consider.

"Twelve months ago if anyone had said anything like this could happen in Fleet Street they would have been laughed out of court. Now it has apparently happened and these things are no longer pipe dreams," Mr Allman said.

Others emphasise it will not be so easy. "There's only one Captain Bob," warned one executive.

BASE LENDING RATES

ABN Bank	11 1/2%	Guinness Mahon	11 1/2%
Allied Dunbar & Co.	11 1/2%	Hambros Bank	11 1/2%
Allied Irish Bank	11 1/2%	Heritable & Gen. Trust	11 1/2%
American Express Bk	11 1/2%	Hill Samuel	11 1/2%
Amro Bank	11 1/2%	C. Hoare & Co.	11 1/2%
Henry Amsbacher	11 1/2%	Hongkong & Shanghai	11 1/2%
Associates Cap. Corp.	12%	Johnson Matthey Bks	11 1/2%
Banco de Bilbao	11 1/2%	Knowsley & Co. Ltd.	12%
Bank Hapoalim	11 1/2%	Lloyds Bank	11 1/2%
Bank Leumi (UK)	11 1/2%	Edward Mann & Co.	12 1/2%
BCCI	11 1/2%	Meghraj & Sons Ltd.	11 1/2%
Bank of Ireland	11 1/2%	Midland Bank	11 1/2%
Bank of Cyprus	11 1/2%	Morgan Grenfell	11 1/2%
Bank of India	11 1/2%	Mount Credit Corp. Ltd.	11 1/2%
Bank of Scotland	11 1/2%	National Bk. of Kuwait	11 1/2%
Banque Beige Ltd.	11 1/2%	National Giro Bank	11 1/2%
Barclays Bank	11 1/2%	National Westminster	11 1/2%
Beneficial Trust Ltd.	12 1/2%	Northern Bank Ltd.	11 1/2%
Brit. Bank of Mid. East	11 1/2%	Norwich Gen. Trust	11 1/2%
Brown Shipley	11 1/2%	People's Trust	12 1/2%
CL Bank Nederland	11 1/2%	PK Finans, Int'l (UK)	12%
Canada Permanent	11 1/2%	Provincial Trust Ltd.	12 1/2%
Cayzer Ltd.	11 1/2%	R. Raphael & Sons	11 1/2%
Cedar Holdings	12%	Roxburgh Guarantee	12%
Charterhouse Japhet	11 1/2%	Royal Bank of Scotland	11 1/2%
Citibank NA	11 1/2%	Royal Trust Co. Canada	11 1/2%
Citibank Savings	11 1/2%	Standard Chartered	11 1/2%
City Merchants Bank	11 1/2%	TCB	11 1/2%</

Pupils at Brackenhoe school, Middlesbrough.
Mike Aron

"I love my job but it is heartbreaking. Many of the kids are on the scrapheap before they are even looked at" — Careers teacher, Brackenhoe School, Middlesbrough.

"The picture is very good. Employers are the ones who are competing. Most kids get exactly what they want" — Careers teacher, Easthampstead Park School, Bracknell.

PUPILS approaching school leaving age at Bracknell's Easthampstead Park comprehensive in the middle of Berkshire's high-tech and office-employment belt receive an impressive 12-page interview and application file from the school's careers office.

At the back is a separate section entitled "And now for the big day... the interview" complete with a drawing of a smiling bespectacled prospective boss in pinstripe suit.

Of the 150 who left Easthampstead Park last year not wishing to go into further education, two-thirds walked straight into a job. Another 10 per cent went into the Youth Training Scheme which should lead to a job. Only one-tenth of the former pupils were registered unemployed and that figure has probably been cut now by at least half.

"Any of our kids that don't get a job feel very unemployed because it's like having only one leg in a health colony," says Mr Michael Hawe, Easthampstead Park's headmaster. "You stand out."

Three hundred miles north, the north-east express the contrast in job opportunities in the most painful way. With its roll call of "who's who" in the computer and advanced engineering industries like Honeywell and SM-Racial, Ferranti and British Aerospace, Bracknell is at the other end of the British economic spectrum from Middlesbrough, weighed down by its industrial past and an employment base that has broken apart.

Bracknell's 7 per cent unemployment rate is less than one-third of that of Middlesbrough. The top floors of the best hotel in the north-eastern town are boarded off because there isn't the business. A large expanse of land near the centre lies empty, cleared to take the Government's Property Services Agency and its 3,000 jobs until the Conservative Government cancelled the move in 1979, a decision universally condemned in Middlesbrough as a disaster.

"In my gloomiest moments I think the best thing we should do is prepare the kids for export," says Mr Norman Birtram, head of Brackenhoe Comprehensive, Middlesbrough. Last year the number of pupils

Job prospects in the UK

Two classes of the mid-1980s

By Nick Garnett

though these are not "permanent" jobs that will be built into its employment base.

Brackenhoe and Easthampstead Park are described by their education authorities as representative. Their success rates measured in terms of exam passes and jobs is about average for their counties. But the schools are quite different and these differences seem to encapsulate the drive and purpose of those areas with buoyant employment and those other and perhaps larger population centres that have seen their place in the scheme of things vanish during Britain's decline as an industrial power.

Very little close contact of this kind exists in Cleveland. But it is difficult to see how it could be otherwise when many if not most companies are still struggling to survive, require little new labour and probably see no common purpose. ICI has its own separate and well managed YTS training programme but took 130 from schools last year against 200 five years ago. Employers in Bracknell, however, are con-

cerned that declining school rolls could leave them short of labour.

"My job is to prepare young people to take their place in society and in this part of the world that means taking up a job," says Mr Hawe. He says parents are keener for their children to leave school later to improve their chances of getting a good job. Those who go to the sixth form college next door to Brackenhoe also improve their job chances. But unlike the Berkshire school where all sixth formers went to higher education or employment, one-fifth of Brackenhoe's sixth formers went onto the dole.

The careers teacher at Brackenhoe is trying to forge links with employers. Easthampstead Park this year sent

Careers class at Easthampstead Park school, Bracknell.
Hugh Routledge

370 pupils on work experience to 220 local companies, but there is nothing like that at Brackenhoe. Many employers in Middlesbrough simply do not feel the need for such links when one job at Halford's bike shop attracts a rush of 400 applicants.

Compare that with the experience of Andrea Lyons, a 17-year-old who left Easthampstead Park with 4 O levels and 2 CSEs, had three interviews and got three job offers.

High unemployment casts a long shadow over training as well as job prospects. Mr Ray Hurst, Cleveland's principal careers officer is confronted with dispiriting statistics every working day. Of the nearly 6,000 young people registered unemployed at careers offices on Teesside 2,000 left school or college before this year and have never had a real job. Six years ago, 2,500 school and college leavers went into apprenticeships on Teesside and now it is less than one sixth of that, including YTS.

"We want to see YTS work, but investment in training cannot be divorced from the need to ensure there is something at the end of it for the majority of young people," says Mr Hurst.

"Ministers do not seem to be concerned about the quality of jobs kids get. A lot have left YTS and got jobs where they are not going to get formal training. Some wait three or four years before getting a proper job." The only answer, he believes, is state-sponsored training of at least three years duration by employers. Mr Hurst's counterpart in Berkshire has quite different problems—including 340 vacancies for young people with no takers.

Both Easthampstead Park and Brackenhoe have so-called TVEI computer awareness facilities funded by the Manpower Services Commission. But unlike the Berkshire school, where

we have unemployed fathers.

The teachers too seem completely baffled about what is going on around them. It is hardly surprising when among a small random group of fifth formers half are discovered to have unemployed fathers.

The teachers too seem caught in a dilemma. Do they pretend the jobs crisis does not exist and press pupils towards better exam results? Or do they start telling them at an early age that in conventional terms and for the foreseeable future their adult life might be blighted before it begins unless they look to leaving when they are older? Some pupils complain that some teachers have lost interest.

Mr Hurst, principal careers officer on Teesside for 20 years has no doubt about the long term consequences of very high unemployment. "There's a sheer waste of talent here even for many in jobs. Unless we reasonably meet the aspirations of young people we are just not going to have an efficient and settled workforce."

Others though seem

either "off the record" or Westland affair must have been "strictly non-attributable" newspapers have been full of phrases such as "Mr Leon Brittan, Trade and Industry Secretary, apparently feels," or "Mr Heseltine's supporters argue."

The result has been a succession of ill-sourced scaremongering stories about the way in which either the Sikorsky/Fiat rescue plan or the rival European aerospace consortium offer will turn Westland into a "tin-basher"; more seriously, it has meant that some newspapers have largely focused on the personality clash between Mr Heseltine and Mr Brittan to the exclusion of the policy issues underlying the Westland debate.

How have newspapers in the United States covered the Westland story?

In the US, quality newspapers such as the New York Times or the Washington Post resist any attempt by the Washington bureaucracy to hide behind anonymity.

The Westland affair has revealed sharp differences between the MoD and the DTI.

Mr Heseltine argues that collaborative production within Europe of defence equipment should be an over-riding aim of British policy, principally because without such collaboration Britain's defence industries are already, or soon will be, too weak to withstand US competition.

Mr Brittan and his officials at the DTI are concerned that Mr Heseltine is forcing Britain to choose between Europe and the United States, which could invite retaliation against British defence contractors wishing to sell in the US. They also regard the European offer as protectionist, and contrary to government policy of introducing more competition in defence contracting.

The polarisation of debate and the way in which it has become public knowledge is entirely foreign to the Civil Service. It has led to some strange contortions on the part of officials who, while wishing to air their ministers' respective cases, have insisted that these views should not be attributed directly to the relevant government departments.

This has created several problems for the press on how to present the flood of news and views. Since all the information on Westland from Whitehall departments is deemed

The Westland affair

Lifting the lid off Whitehall

By Lionel Barber

PEOPLE READING about the either "off the record" or Westland affair must have been "strictly non-attributable" newspapers have been full of phrases such as "Mr Leon Brittan, Trade and Industry Secretary, apparently feels," or "Mr Heseltine's supporters argue."

The result has been a succession of ill-sourced scaremongering stories about the way in which either the Sikorsky/Fiat rescue plan or the rival European aerospace consortium offer will turn Westland into a "tin-basher"; more seriously, it has meant that some newspapers have largely focused on the personality clash between Mr Heseltine and Mr Brittan to the exclusion of the policy issues underlying the Westland debate.

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In the US, quality newspapers such as the New York Times or the Washington Post resist any attempt by the Washington bureaucracy to hide behind anonymity.

In contrast to their British counterparts, Federal officials are relatively relaxed about voicing their differences of opinion. Members of President Reagan's Cabinet and their senior officials regard the press as a vital conduit for their views and as a channel for informed public debate.

It is doubtful whether future industrial policy decisions in Britain will stimulate the same debate or lead to the same torrent of information from within Whitehall.

Individual shareholders, who are expected to vote on the rival offers at an extraordinary general meeting on January 14, say claims and counter-claims have made the Westland board's eventual decision more difficult. Three London merchant banks, Lazard Brothers, Morgan Grenfell and Lloyds Merchant Bank, are uneasy about the way in which the political debate has undermined their attempts to negotiate in private.

Against these misgivings must be set the way in which the public has been given a rare insight into the workings of Whitehall and the British Civil Service. For a moment, one might almost have thought one was back in Washington.

Lionel Barber spent three months last year at the Washington Post as the 1985 Laurence Stern Fellow.

Leveraged bids

From Lord Hacking

Sir.—Quite apart from the battles currently raging over the Elders IXL bid for Allied Lyons and the Argyll bid for Distillers, I believe there should be a great deal of concern over the use in the United Kingdom of the US style "leveraged" take-over bid. Colourful new terms such as "poison pill," "golden parachute" and "greenmail," may now be added to the language of takeovers but this form of hostile takeover has unacceptable features as the Federal Reserve Board has recognised in the United States.

The characteristics of a leveraged bid are, of course, that it is made by a company with a smaller asset base for Distillers Commission. I believe it is clearly in the public interest that it should be put in jeopardy.

It is to be hoped, therefore,

that the current bid by Argyll for Distillers will also be referred to the Monopolies and Mergers Commission. I believe it is clearly in the public interest that it should be put in jeopardy.

Hacking.
House of Lords, SW1.

Re-nationalisation of companies

From Mr R. Metcalfe

Sir.—I listened with some interest to the remarks of the Labour leader concerning the re-nationalisation of companies if and when Labour Government comes into being.

Mr Kinnock made it plain that shares would be purchased by the Government from the big institutions at the original selling price. Someone ought to explain to the Labour leader that the so-called big institutions are made up to a large degree by the occupational pension funds. As a contributor to one of those funds I look to the managers to seek the best possible return on mine and other people's payments as a means to secure the future.

R. Metcalfe.
National Association of Colliery Overmen, Deputies and Shofifers, Wearmouth Colliery, Sunderland.

BSC assets in Scotland

From Professor D. Myddleton, Sir

—Dr Bray (December 30) asks whether film a year—the cost of keeping Gartcosh going—is not a small "insurance premium" to pay to preserve it for a few years yet? The assets of British Steel Corporation in Scotland. Of course, he is asking around rules established, I suggest that all major leveraged bids should be referred, as has been the bid by Elders IXL for Allied Lyons, to the Monopolies and Mergers Commission. Unless and until this exercise has been carried out, it would be prudent to regard the leveraged takeover as a potential threat to public interest. This is all the more important

Letters to the Editor

Letters to the Editor

From Mr J. Baillie

Those of us who opposed leveraged bids, are not permitted to adopt defence strategies which are permissible in the US. In this sense, it is easier in the market place of the UK for an offeror in a leveraged bid to operate and for public interest to be put in jeopardy.

It is to be hoped, therefore, that the current bid by Argyll for Distillers will also be referred to the Monopolies and Mergers Commission. I believe it is clearly in the public interest that it should be put in jeopardy.

Jain C. Baillie,
20 Chester St, SW1.

Copyright theft

From Dr P. Llewellyn

Sir.—At last count, I owned some 20 reusable video tapes. All of these contain recordings which my family and I watch and then obliterate by recording over—it is classical time-shifting use of video recorders.

Mr Decley (December 24) complains that his tapes are "copied from rental video tapes or TV." The latter appears to be precisely the use which I am making and does not harm Mr Decley in the slightest.

All the evidence has been represented to the public. Consumers can rarely afford full page advertisements in the Financial Times to refute ill-considered and erroneous statements.

It is surely a tribute to the man who can write so philosophically (others would probably have been carried off screaming long ago) and still has the determination to continue his struggle.

It is not, too, a sad indictment of the care-less, initiative-stifling, bureaucratic mentality all too widespread in the public (ie non-accountable, non-productive, undiscriminable) sector that still afflicts Britain today.

One wonders whether even the Prime Minister and her most determined Ministers have any answer to this problem.

(Dr) P. G. Llewellyn,
Prins Frederiklaan 30,
2243 HW Wassenaar,
Netherlands.

Changing jobs

From Mr J. Kenna

Sir.—I refer to Mr E. S. Thomas' letter of December 27. The official actuarial guidance note (GN1) advised that, in respect of incoming transfers, the actuary should take account of expected salary increases in cases where "added years" are to be credited.

In the case of outgoing transfers, there is no such advice in

respect of expected salary increases.

Pensionable service out thus inevitably translates into lesser "added years" in.

Your article of December 19 is therefore correct in implying that there is some cause for dissatisfaction among people changing jobs.

J. Kenna,
72, Compton Street, ECL.

Enjoying the trip

From Mr D. Brierley

Sir.—On the Saturday before Christmas we enjoyed a day trip to Charing Cross station. Since it was my wife's birthday, we celebrated with a cup of coffee at the Casey Jones there. We had intended to go to Boulogne but the Channel was too rough for hovercraft. Also no Townsend Thoresen ferries sailed because of a strike. To cap it all French Sealink also had a strike.

Naturally we have been much heartened, a week later, to read Townsend Thoresen's assertion that the Channel tunnel would be a "total disaster."

David Brierley,
Old Farm,
Hartshill Lane,
Kings Langley, Herts.

Hard cheese in Wales

From Dr P. Llewellyn

Sir.—Andrew Murray's account (December 24, "Not easily made in Wales—hard cheese all they said") made compulsive reading.

It is surely a tribute to the man who can write so philosophically (others would probably have been carried off screaming long ago) and still has the determination to continue his struggle.

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(Dr) P. G. Llewellyn,
Prins Frederiklaan 30,
2243 HW Wassenaar,
Netherlands.

Helicopters in London

From Mr J. Harrington

Sir.—If helicopters need to land in central London given their current noise level, then it would be appropriate to have them land at a very high altitude so that the noise would minimally penetrate to the public in the street. Perhaps a 1,500 ft tower could be constructed on the bank of the Thames with appropriate protection against falling machinery (in light of the 1977 Pan Am building disaster) and have the helicopters land on top of the building. This would satisfy by the concept of proximity and quietness.

Of rather greater significance is the fundamental question of why helicopters have to be so noisy. Surely one could develop a method of reaching a suitable flying altitude without the need for a noisy large rotating mechanism. One might ask why a balloon type of device could not be used for hoisting the helicopter aloft to a height at which it could then be propelled by the motors without their being annoying to ground level people. A similar balloon type mechanism could presumably be used to lower it to destination once it had reached its destination.

Jan R. Harrington,
PO Box 746,
General Post Office,
New York, NY 10001, USA.

BUILDING SOCIETY RATES

	Share	Sub'n

UK COMPANY NEWS

ICH in takeover talks with MKI

BY CHARLES BACHELOR

International City Holdings (ICH), the money broking group which came to the stock market last October, has started takeover talks with MKI Investments, a New York-based security broker. The deal could be worth up to £10m (\$15m).

The acquisition of MKI would take ICH, which specialises in money and foreign exchange broking, into security broking on a large scale.

MKI has 490 dealers in New York and London specialising in a wide range of fixed interest securities. These include corporate and municipal bonds, preferred stock and zero coupon and treasury bonds.

Talks are at the exploratory stage but Mr Robin Packshaw, MKI's chairman, said he hoped for an agreement in principle within a matter of weeks. The cash and shares to be issued at a later date depending on MKI's performance.

"None of us can stand still any more because the markets don't stand still," said Mr Packshaw, adding that "the two companies add up to a substantial performance."

ICH, which employs 525 people worldwide, will give MKI the international spread it lacks.

Mr Arthur Patricick, the chairman and joint founder of MKI, said the company was profitable but did not disclose figures. MKI is understood to have had prob-

lems establishing a US government securities trading business in New York which Mr Patricick said at the time "only a small part of its operations and was not related to the merger plan."

MKI has had a number of approaches from potential partners recently but decided to approach ICH with plans for a link-up.

Established in 1964, MKI has grown to be one of the leading inter-dealer brokers (linking primary dealers) for fixed interest stocks. It has five major stockholders while more than 100 of the staff also own stock.

Apart from the fixed interest security business MKI also trades Eurobonds in London and cur-

rency in New York.

ICH's involvement in security broking is at present limited to a 40 per cent stake in Fulton Cantor Fitzgerald in London though it also has set up and inter-dealer broker to operate in the new UK gilt market due to start later this year in London.

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ICH is a complex pan-European deal involving five banks in four countries.

It has been co-ordinated by Citicorp Venture Capital and is the first use its \$160m management buy-out equity fund announced in October.

In addition to the management team itself, headed by Mr John Husband, fasteners division chief executive, there are three equity investors in the new company to be named European Industrial Services. They are Citicorp, Fountain Fund and the British Rail Pension Fund.

The company, which has its headquarters in Birmingham, is the main manufacturer of woodscrews in the UK through GRIN Screws and Fasteners. The other subsidiaries are GKN Belgium, Pimentel-Graant of the Netherlands and Unigrip Distribution of France.

GKN is receiving £2.5m immediately and another £2.1m over the next three years, in addition EIS has assumed borrowings of £1.2m. The fasteners division assets are estimated at £21m.

This sale means that GKN has now netted £43m from divestment over the past year in line with its strategy of sticking closer to core areas of vehicle components and defence. Last year it sold its hardware distribution division, BKL Fittings, Sankey Laminations and seven smaller subsidiaries to F. H. Tomkins.

The company's growth came entirely from its pension business, both individual and group—the individual pension business being boosted by pre-Budget fears, subsequently proved unfounded, of changes in pen-

Shaw Carpets hit by downturn in peak period

By David Goodhart

Shaw Carpets, the tufted carpet manufacturer, has dived into the red and is passing the interim dividend for the six months to November 1985.

The loss is £5.6m pre-tax, against a profit of £23.000, follows a warning in August by the chairman, Mr J. W. Hartley, that margins were under increased pressure.

Retained losses were £223,000 (profit £41,000) and the loss per share was 3.5p (earnings 1.2p).

The chairman expects a return to profit in the second half with margins now being restored, reduced stocks and interest charges at a lower level. Profits in the 1984-85 year were a depressed £186,000 pre-tax.

● comment

In the past few years Shaw Carpets has tripped up rather too often. First the problem was foreign competition, then it was production, as the labour force went on strike in the new Milltron machines. Now

turnover for the period rose

Scottish Widows' record year

LEADING SCOTTISH life company, Scottish Widows' Fund and Life Assurance Society, announced record new business and savings newness in 1985 with net annual premiums up 17 per cent from £45m to £53m and single premiums rising 9 per cent.

The company's growth came entirely from its pension business, both individual and group—the individual pension business being boosted by pre-Budget fears, subsequently proved unfounded, of changes in pen-

aline tax structure.

New annual premiums on self-employed pensions rose nearly one-third from £7m to £11.5m while single premiums were 16 per cent up from £2.5m to £3.1m.

The company's pension investments saw annual premiums nearly double from £6.6m to £12.5m, and single premiums rising 9 per cent.

The company's growth came entirely from its pension business, both individual and group—the individual pension business being boosted by pre-Budget fears, subsequently proved unfounded, of changes in pen-

aline tax structure.

The company's group life and pensions showed growth, backed by improved life insurance benefit rates with new annual premiums rising 12 per cent

from £13.75m to £17.75m, and single premiums up 20 per cent from £2.5m to £3m.

The Society's pension investment subsidiary saw its premium flow decline compared with the previous year. But its £13m of annual premiums and £107m of single premiums were the second best year for business.

The company's life business declined by 30 per cent. However, business in this sector was picking up steadily over the last few months.

Findhorn suspended

The listing of Findhorn Finance, the whisky stock financing company, was suspended yesterday following the announcement that it will not meet an interest payment due next Monday and is in talks with its bankers and loan stockholders.

Findhorn was badly hit earlier last year by the voluntary liquidation of its only customer Tomatin Distillers. It has subsequently been looking for a major customer and a buyer for its whisky stocks. Findhorn, which is listed only on its unsecured loan stock, had a turnover of £2.8m in the 17 months to December 1984.

Chairman quits and loss expected at Assoc. Energy

BY DAVID GOODHART

PMR PAUL HOWLETT has resigned as chairman of Associated Energy Services, the USM quoted building, environmental and catering services group. He will be replaced by Mr W. M. L. Fullerton.

Mr Howlett, who will become a non-executive director, was also managing director until September when the company announced that its results for the year would be disappointing. Yesterday it went further and said it "expects a significant trading loss" to be disclosed in

Royal London sharp rise in terminal bonus rates

ROYAL LONDON Mutual Insurance Society, a leading home service insurance group, has announced substantial increases in its terminal bonus rates, its Special Final Bonus, payable on maturity and death claims arising in 1986.

That will result in higher increases for the longer-term contracts. On 25-year maturities, the value will rise by 4.5 per cent for ordinary branch contracts and 5.5 per cent on those in the industrial branch.

The new scale for ordinary branch assurances, based on

£1,000 of the original basic benefit, ranges from £405 for policies taken out in 1976 to £1,600 for those effected in 1981. That compares with the previous scale which ranged from £290 to £1,330.

On industrial branch contracts, the rates range from £300 to £1,130, compared with £250 to £900.

The company has also improved its vesting bonuses under personal pension contracts, the result being that pensions starting in January 1986 will be 6.5 per cent higher than those starting this month.

COMPANY NEWS IN BRIEF

RESULTS

per cent) cumulative redeemable preference shares at £1,075 together with a dividend date at the redemption date at annual rate of 6 per cent (now 4.2 per cent).

KILENWORTH BENSON Gilt Fund is increasing its third interim dividend from 31.4p to 31.6p, compared with 29.8p. Net asset value per 1p participating redeemable preference share was 51.4p at December 31, 1985, against £51.2a a year earlier. Net revenue for the period April 1 to December 31, 1985 was up from £1.14m to £1.31m.

KENNEDY SMALLEY, the property and textile machinery company formerly known as Charles Hill Financial Group, MEGF has taken control following its own takeover last April of the Arab Asian Bank, which formerly held a dominant stake in UCM. The only source of income is derived from interest on an inter-company loan to an offshoot of Courtaulds and it is anticipated that this will be the position for the rest of the year. The directors propose to redeem on March 31, 1986 the 6 per cent (now 4.2

per cent) cumulative redeemable preference shares at £1,075 together with a dividend date at the redemption date at annual rate of 6 per cent (now 4.2 per cent).

ST IVES GROUPS offer for Richard Clay has been declared unconditional following acceptances totalling 6.92m Clay shares (76.9 per cent). The offer remains open until further notice.

JOHN MOWLEM & Company's offer for Alfred Booth & Company has received acceptance for 40.594 Booth shares (92.41 per cent).

UNITED CITY Merchants, the international trade and financial services company, has been taken over by the Middle East Financial Group. MEGF has taken control following its own takeover last April of the Arab Asian Bank, which formerly held a dominant stake in UCM.

MEGF is an investment company registered in Luxembourg and is 90 per cent owned by the Bain Mahfouz family. Mr Saleh Bin Salim Bin Mahfouz has become chairman of UCM.

JOHN MOWLEM & Company's offer for Alfred Booth & Company has received acceptance for 40.594 Booth shares (92.41 per cent).

SOUTH AFRICAN Mutual Life Assurance Society's purchase of Providence Capitol Life Assurance Co is not to be referred to the Monopolies and Mergers Commission.

Although the result is still considered disappointing by Mr S. Friedland, the chairman, he says that "we are making progress in what is considered as a highly competitive business."

He says that sales are returning to an acceptable level; margins are being pursued to give a more satisfactory return.

HABITAT Mothcare's merger with British Home Stores is not to be referred to the Monopolies and Mergers Commission.

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS	Fri Jan 3 1986			Tues Jan 2	Wed Dec 31	Mon Dec 30	Year ago (approx.)	Highs and Lows Index				
	Index No.	Day's Change %	Est. Div Yield % (Mo. 12)					Index No.	Index No.	High	Low	
1 CAPITAL GOODS (214)	588.34	+1.5	9.76	3.92	12.05	0.05	579.65	573.88	573.54	551.49	588.34	3/1/86
2 Building Materials (24)	637.97	-10.39	4.26	10.00	0.05	577.28	632.18	501.06	261/11/85	472.11	252/1/85	44.27 11/12/84
3 Contracting Construction (28)	931.70	+4.5	10.24	4.45	0.05	927.26	926.75	732.98	963.49	963.49	813.64	8/3/85
4 Electricals (5)	1365.71	+1.5	9.34	4.85	0.05	1354.42	1352.49	1320.22	1321.85	1364.17	1364.17	2/2/84
5 Electronics (C9)	1476.88	+1.5	10.24	4.45	0.05	1465.00	1464.00	1457.00	1477.68	911.75	122.03	6/10/85
6 Food Processing (37)	247.84	+1.4	10.55	4.26	0.05	237.44	240.42	237.45	240.85	240.85	237.85	1/1/86
7 Metal Fabricated Forming (7)	215.70	+1.7	8.89	4.59	0.05	204.17	204.07	204.07	204.07	204.07	204.07	6/1/85
8 Other Industrial Materials (22)	1342.45	+1.8	7.27	4.26	0.05	1331.59	1320.88	1320.88	1320.88	1320.88	1320.88	1/1/86
9 Metals (18)	215.70	+1.7	10.55	4.26	0.05	212.06	209.16	145.55	215.70	215.70	142.57	1/1/86
10 Other Industrial Materials (22)	1342.25	+1.8	7.27	4.26	0.05	1331.59	1320.88	1320.88	1320.88	1320.88	1320.88	1/1/86
21 CONSUMER GROUP (183)	776.41	+0.										

UK COMPANIES

Equity & Law's terminal bonus rates up slightly

SLIGHTLY HIGHER terminal bonus paid on claims in 1986 have been declared by Equity & Law Life Assurance Society. However, the main reversionary bonus rate for 1985 remains unchanged at 24.50 per cent of the basic benefit and attaching bonuses.

The terminal bonus rate scale for individual life policies now ranges from 70 per cent of the basic benefit and attaching bonuses for entry year 1975, to 85 per cent for years 1980, compared with the previous scale ranging from 55 per cent to 80 per cent.

On individual pension contracts, the new terminal bonus scale ranges from 15 per cent for entry year 1980 to 85 per cent for entry year 1985, while increasing the terminal bonus rates for claims in 1986.

The annual reversionary bonus rates remain for assurances at 25 per cent of the sum assured, and 25.50 of attaching bonuses, while for self-employed pensions it is 29.50 per cent compounded and £7.60 compound for executive pensions.

The new terminal bonus rate for post 1981 policies is lifted to 70 per cent of attaching bonuses, compared with 65 per cent at the time last year, and 55 per cent announced for entry year 1986.

All individual pension policies have been increased to 50 per cent of attaching bonuses compared with the previous scale of 45 per cent and 40 per cent a year ago.

Black Arrow purchase

BLACK ARROW has agreed terms to acquire Associated Furniture Holdings, subject to receipt of a satisfactory report from investigating accountants. Last audited accounts of AFH to December 1984 showed net assets at £831,000. AFH directors, to hold an aggregate 65 per cent of the ordinary, have entered into an irrevocable

undertaking to accept an offer if made prior to March 31, 1985. Price will be an immediate consideration equivalent to the par value (1p) per AFH ordinary. Consideration will be satisfied by the issue of Black Arrow shares.

Further payments (up to £2m)

will be made depending on AFH's results in the years ending 1986 and 1987.

Granville & Co. Limited

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Over-the-Counter Market

High	Low	Company	Price	Change	div.	P/E	Fully	%	Actual taxed
148	118	Ars. Brit. Ind. Ord.	117	-	7.3	6.2	7.2	6.7	
120	102	Ass. Brit. Ind. CULS.	101	+10	8.3	8.2	8.7		
77	43	Alarpmag Group	75	-	6.4	8.5	12.5	16.3	
48	28	Armstrong and Rhodes	38	-	4.3	11.3	4.7	5.7	
167	103	Bardon Hill	157	-1	4.0	24	21.1	22.0	
64	42	Bray Technologies	58	-	3.5	12.5	3.5	3.5	
20	136	CCT Electronics	18	-	12.0	8.9	3.3	3.2	
152	110	Ciba-Geigy Corp. Pres.	97	-	15.7	16.2	15.7	15.7	
130	10	Carborundum Ord.	116	-	4.3	5.2	5.7	9.0	
94	83	Carbonium 7.5% Pl.	91	-	7.0	12.5	5.8	7.7	
73	46	Debtors Services	21	-	-	-	3.1	5.7	
32	21	Frederick Parker Group	21	-	-	-	-	-	
123	103	Gibson Bros. Ltd.	102	-	1.1	1.1	1.1	1.1	
62	20	Ind Precision Castings	62	+2	3.0	4.8	16.4	13.7	
182	172	Iris Group	176	+1	15.0	8.5	13.5	20.2	
124	101	Jackson Group	116	+1	5.5	4.7	7.8	7.8	
263	213	James Burrough	233	-	1.1	1.1	0.2	0.2	
85	71	Jones and Jones	73	-	5.0	6.9	5.7	9.0	
225	100	Linguaphone Ord.	190	-	-	-	6.5	6.5	
100	50	Linguaphone 10.5% Pl.	90	-	15.0	16.7	16.7	16.7	
705	500	Minihouse Holding NV	705	+13	6.0	10.0	30.8	29.3	
129	31	Roberts Jantzen NV	75	-	-	-	8.2	20.3	
444	320	Travlin Holdings	67	-	5.0	7.4	6.1	6.1	
17	17	Unilock Holdings	42	-	4.3	1.3	18.5	18.2	
132	81	Walter Alexander	120	+1	5.5	5.0	11.2	11.2	
247	195	W. S. Yeates	200	-	17.4	8.7	6.7	9.3	
<i>*Suspended.</i>									

Excludes suspended companies.

Special charges distort final results from CSX

By PAUL TAYLOR IN NEW YORK

CSX, the US rail and natural resources group, posted net losses of \$440m for the fourth quarter and \$1.18bn for the full year. The losses reflect the impact of previously-announced accounting changes and a \$954m pre-tax charge in the final quarter to cover the restructuring of its railway and energy businesses, including asset write-downs and disposals and a 12 per cent reduction in the workforce.

Excluding the special charge and accounting change, which relates to the group's method for accounting oil and gas exploration activities, CSX said fourth quarter profits increased by 88 per cent to \$147m or 96 cents a share, from \$78m or 52

cents a share in the corresponding period last year. Revenues slipped by 4.4 per cent to \$1.78bn from \$1.85bn.

Full-year earnings, before the charge and accounting change, increased to a record \$479m or \$3.17 a share, from net earnings of \$465m or \$3.15 a share in 1984. Revenues fell by 7.7 per cent to \$7.33bn from \$7.98bn.

Commenting on the results

Mr Harry Watkins, chairman and chief executive, and Mr Paul Finkhouser, president, said the major reason for the year-on-year improvement was a strong fourth quarter performance by the group's rail and natural resources units, "due to aggressive cost control programmes."

Rossignol sees flat year

By DAVID HOUSEGO IN PARIS

SKIS ROSSIGNOL, the French ski and sports equipment manufacturer, is forecasting that net consolidated profits for 1985-86 will be about the same level as last year's FFr 42m (£5.6m).

The levelling off in earnings takes account of FFr 12m of exceptional provisions due to

the closure of the group's manufacturing activities in Canada and of its subsidiary in Austria. The group's products will continue to be marketed in Austria through a local importer.

For the first half of the year ended September 30, Skis Rossignol reported a 4.4 per cent rise in pre-tax profits to FFr 9.13m as compared with the same period in 1984-85. Turnover rose by 10.1 per cent to FFr 630m.

For the financial year as a whole, the group foreshadows a FFr 1.3bn turnover

NSW neutral on Brierley bid for gas group

By Michael Thompson-Neal in Sydney

THE STATE government of New South Wales yesterday tried to adopt a neutral stance in the bitter row between Mr Ron Brierley's Industrial Equity (IE) and Australian Gas Light Company (AGL), the asset-rich NSW utility.

Tuesday IE, an aggressive investment conglomerate, revealed that it had secured a A\$103m (US\$70m), 41.6 per cent stake in AGL after taking advantage of a loophole in new legislation.

Yesterday Mr Peter Cox, the New South Wales state energy minister, tried to wash his hands of the affair, claiming that it would "almost certainly be resolved in court."

R47m rights issue by ERPM

EAST RAND Proprietary Mines (ERPM), the South African gold mining company, is to raise R47m (£1.86m) by a one-for-one rights issue at R5.60 (about 232p) per share.

The money will help finance the mine's R300m Far East Vertical shaft and additional milling plant, writes Jim Jones in Johannesburg.

ERPM intends to increase the annual milling rate to 4m

● Ore production has been halted by strikes at three of the four mines operated by Impala Platinum. Mr Gary Maude, Impala's acting managing director, said that between half and two-thirds of the 30,000-strong workforce remains on strike.

Impala does not disclose production figures but is believed to produce about 1m oz of platinum a year — equivalent to about one-quarter of primary and secondary metal available to Western consumers.

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and

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NOTICE IS HEREBY GIVEN, pursuant to the Terms and Conditions of the captioned issues, that US\$ 2 000 000 principal amount of Series A Notes have been drawn for redemption at 101% of their principal amount.

The serial numbers of the 2 000 Series A Notes of US\$ 1 000 each, drawn for redemption and representing US\$ 2 000 000 principal amount, are as follows:

G.B.C. Capital Ltd

The net asset value at 30th November, 1985

was CS2.67

The net asset value after contingent Capital Gains Tax

was CS2.32

European Assets Trust

N.V.

The net asset value at 30th November, 1985, was Dfl 6.66

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The net asset value at 30th November, 1985, was Dfl 6.66

LONDON TRADED OPTIONS CALLS PUTS CALLS PUTS

Option Jan. Apr. July Jan. Apr. July

B.P. & O. 500 25 78 80 2 9 16

(*500) 550 21 43 55 11 26 32

600 3 16 45 65 62 58 37

Cable & Wire 550 60 70 84 3 18 17

(*550) 550 12 37 57 15 26 65

650 2 15 30 45 26 65

Cone. Gold 450 35 67 67 15 27 47

(*450) 450 15 25 45 27 47 49

500 5 16 30 60 75 82

Courtaulds 140 57 61 66 1 14 11

(*140) 130 57 61 66 1 14 11

180 18 28 31 7 11 13

200 6 16 20 25 7 11 13

Com. Union 200 42 47 47 1 2 5

(*200) 200 32 39 39 1 2 5

240 9 11 21 2 11 13

280 6 16 20 25 7 11 13

Diallifers 400 47 50 67 5 10 25

(*400) 400 15 37 45 20 27 55

500 4 16 20 25 7 11 13

G.E.C. 140 40 45 55 1 14 5

(*140) 200 30 35 35 1 14 5

180 6 15 20 25 7 11 13

200 1 6 15 20 7 11 1

WORLD STOCK MARKETS

NEW YORK

Stock	Jan. 2	Dec. 31	Stock	Jan. 2	Dec. 31	Stock	Jan. 2	Dec. 31	Stock	Jan. 2	Dec. 31
AGS Computers	5614	5474	Hall (FIE)	2774	2654	Morton Thiokol	2574	2524	Schering-Plough	324	3234
AMCI Corp.	1114	111	Hannifin Mfg.	2544	2544	Scientific Atlanta	224	2234	Scientific Atlanta	314	3134
ASA Corp.	5444	4914	Clevite Corp.	494	494	Siemens	2574	2524	Siemens	724	724
AVX Corp.	1424	1414	Clevite-McGraw	1774	1774	Siemens	1774	1774	Siemens	724	724
Acme Cleveland	1344	1344	Clevite Iron	1774	1774	Siemens	1774	1774	Siemens	724	724
Adobe Res.	124	124	Clevite Illum.	254	254	Siemens	254	254	Siemens	724	724
Advanced Micro	2874	2914	Cleut Peabody	374	374	Siemens	374	374	Siemens	724	724
Astro-Med	53	53	Coastal Corp.	314	314	Siemens	374	374	Siemens	724	724
Armstrong (M.F.)	4724	49	Coats Ind.	614	614	Siemens	374	374	Siemens	724	724
Arbitro-Cutter	2964	294	Combiomed Int.	514	514	Siemens	374	374	Siemens	724	724
Alberto-Culver	3274	3274	Commonwealth Ed.	304	304	Siemens	374	374	Siemens	724	724
Alco Standard	2784	284	Comsat Satellites	34	34	Siemens	374	374	Siemens	724	724
Alexander & A.	2314	234	Comp. Sciences	324	324	Holiday Inn	564	564	Holiday Inn	564	564
Allegheny Ind.	1914	194	Computervision	1974	1974	Honeywell	254	254	Honeywell	254	254
Allied Barriers	804	804	Con. Edison	354	354	Hormel (Geo.)	244	244	Hormel (Geo.)	244	244
Allied Signal	4674	464	Con. Nat. Gas	604	604	Hoeca Mining	1574	1574	Hoeca Mining	1574	1574
Allied Stores	6854	684	Con. Papers	534	534	Hosack Tech.	444	444	Hosack Tech.	444	444
Allis Chalmers	444	444	Con. Power	74	74	Hotchkiss	214	214	Hotchkiss	214	214
Altoona	264	384	Cont. Illinois Hdg	674	674	Hughes Tool	314	314	Hughes Tool	314	314
Amex	134	134	Cont. Minn Hdg	674	674	Humana	514	514	Humana	514	514
Andahl Corp.	134	134	Converg. Techn.	114	114	HL Industries	1584	1574	HL Industries	1584	1574
Amerada Hess.	2714	278	Control Data	204	204	Holloway	564	564	Holloway	564	564
Am. Broadcast	1214	121	Convex	114	114	Honeywell	254	254	Honeywell	254	254
Am. Can.	604	60	Coors Adof	214	214	Houston Inds	284	284	Houston Inds	284	284
Am. Cyanamid	574	574	Corning Glass	614	614	Huber, Hunt & Nichols	734	744	Huber, Hunt & Nichols	734	744
Am. Express	5274	524	Cronk & Black	594	594	Huggins Corp.	264	264	Huggins Corp.	264	264
Am. Greetings	314	314	Crane Research	404	404	Hughes Tools	134	134	Hughes Tools	134	134
Am. Holt	94	94	Crown Cork	404	404	Hughes Tool	134	134	Hughes Tool	134	134
Am. Home Prod.	634	105	Crown Zell	74	74	Hulman	514	514	Hulman	514	514
Am. Medical Int'l	124	124	Cummins Eng.	724	724	IACI	444	444	IACI	444	444
Am. National	314	314	Cutter Corp.	174	174	ICL Corp.	104	104	ICL Corp.	104	104
Am. Petrofina	464	454	Daikin	444	444	Imperial Rand	224	224	Imperial Rand	224	224
Am. Standard	384	384	Datapoint	54	54	Inland Steel	224	224	Inland Steel	224	224
Am. Stores	184	184	Dayton	184	184	Intel	214	214	Intel	214	214
Amerson	1074	1064	Dayton Hudson	254	254	Inter First Corp.	104	104	Inter First Corp.	104	104
Amtek Int'l	274	264	Desre	594	594	Intergraph	354	354	Intergraph	354	354
Amtek Int'l	274	264	Diehl Air	594	594	Interstate	174	174	Interstate	174	174
AMP	354	354	Dix Chlk Print.	464	464	ITC	154	154	ITC	154	154
Amsted Inds	454	454	Diamond-Shamrock	164	164	Jaguar	204	204	Jaguar	204	204
Analog Devices	264	264	Diobed	614	614	Jeffco-Pilot	494	494	Jeffco-Pilot	494	494
Anheuser-Busch	414	414	Digital Equip.	1324	1324	Jim Walter	494	494	Jim Walter	494	494
Apollo Comp.	1214	1214	Dixie Minerals	5074	5074	Johnson & Johnson	424	424	Johnson & Johnson	424	424
Arizona Pub Ser.	274	274	Domino Ranch	5074	5074	Joy Man	324	324	Joy Man	324	324
Arktis	18	174	Donnelly (IR)	624	624	K Mart	354	354	K Mart	354	354
Armos	94	94	Dow Jones	474	474	Kaiser Alumn.	1674	174	Kaiser Alumn.	1674	174
Armstrong Wld.	444	444	Dresser	184	184	Kaneb Services	714	714	Kaneb Services	714	714
Asarcos	184	184	Dresser Ind.	184	184	Kaufman Bro.	164	164	Kaufman Bro.	164	164
Asaco Dry Goods	374	374	Dun & Bradstreet	624	624	Katalog	594	594	Katalog	594	594
Atlantic Rich.	614	614	Dupont	674	674	Kenmar	224	224	Kenmar	224	224
Auto. Data Pro.	564	564	EG & G	584	584	Kern Mfg.	324	324	Kern Mfg.	324	324
Avery Intl	34	34	E Systems	264	264	Kirkland	444	444	Kirkland	444	444
Avnet	344	344	Easco	164	164	Lester Sieger	224	224	Lester Sieger	224	224
Avon Prod.	274	274	Eastern Airlines	6	6	Lesswaste Trans.	224	224	Lesswaste Trans.	224	224
Baker Int'l	1714	1714	Eastern Gas & F.	244	244	Leibey Owens Corp.	494	494	Leibey Owens Corp.	494	494
Baldwin Utv.	134	134	Eastman Kodak	604	604	Leigh Corp.	104	104	Leigh Corp.	104	104
Bally Manta	184	184	Echlin Mfg.	1474	1474	Leigh Corp.	114	114	Leigh Corp.	114	114
Banc One Corp.	254	254	Eckerd (Jack)	3074	3074	Leone	224	224	Leone	224	224
Bank America	154	154	Emery Air Flg.	614	614	Letco	224	224	Letco	224	224
Bank Boston	684	694	Ex Cell O	474	474	Liberty	224	224	Liberty	224	224
Barber's N.Y.	184	184	FBI	274	274	Liberator	224	224	Liberator	224	224
Barnett Bls Fl.	274	274	FMC	564	564	Lifecare	224	224	Lifecare	224	224
Basic Inds.	184	184	Ford, Express	594	594	Linn	224	224	Linn	224	224
Bell Howell	104	104	Federal Mogul	384	384	Litt	224	224	Litt	224	224
Bell South	264	264	Fed. Natl. Mort.	204	204	Lovell	224	224	Lovell	224	224
Bell South	264	264	Fed. Rep. Stock	564	564	Lubrizol	224	224	Lubrizol	224	224
Benefit Indus.	494	494	Fincorp	244	244	Lubrizol	224	224	Lubrizol	224	224
Bethz Labz	254	254	Firestone	124	124	Lubrizol	224	224	Lubrizol	224	224
Big Three Inds.	254	254	Foster Wheeler	124	124	Lubrizol	224	224	Lubrizol	224	224
Black & Decker	214	214	Freight	124	124	Lubrizol	224	224	Lubrizol	224	224
Block (H. & R.)	384	384	Freightliner	124	124	Lubrizol	224	224	Lubrizol	224	224
Blount Inc E.	154	154	GAF	564	564	Lubrizol	224	224	Lubrizol	224	224
Boden's Cascade	154	154	Genuine Parts	274	274	Lubrizol	224	224	Lubrizol	224	224

CURRENCIES and MONEY

FOREIGN EXCHANGES

Short covering boosts dollar

The dollar rose quite sharply in currency markets yesterday in reaction to comments by the Governor of the Bank of Japan stressing his desire to see the yen stabilise at its current level. This sparked a wave of short covering in trading little influenced by any other major factors ahead of the weekend.

Although finishing higher in comparison to Thursday's closing levels, the dollar's upward potential appeared to be limited with the market retaining a bearish undertone. The latter was principally a reflection of the market's assessment of US economic growth this year and the growing possibility of lower US interest rates. However, the longer term picture remained far from clear and with the proximity of the weekend bearing some influence, the dollar was content to consolidate its position after initial gains.

Against the D-mark it touched

£ IN NEW YORK

	Jan. 3	Prev. close
2 Spot	\$1.4653/1.4660	\$1.4590/1.4662
1 month	0.44/0.440pm	0.43/0.438pm
2 months	0.43/0.430pm	0.42/0.428pm

Forward premiums and discounts apply to the U.S. dollar.

A high of DM 2.4690 before closing at DM 2.4610 compared with DM 2.4575 on Thursday. It was also higher against the yen at Y202.60 from Y198.05 on SFr 2.0670 compared with SFr 2.0620. Against the French franc it improved to FF 7.5550 from FF 7.4850. On Bank of England figures, the dollar's exchange rate index rose from DM 3.5428 to DM 3.5428 and Y291.50 from Y288.75. Against the Swiss franc it improved to SF 2.9780 from SF 2.9775 and FF 10.87 compared with FF 10.8575.

Despite the implications from the Bank of Japan, the market was not fully geared up after

Christmas and the new year and it appeared to be premature to try to establish any fresh trend. Following the dollar's substantial fall over the past three and a half months, respective members of the five-nation agreement may now be looking at their own economies in an attempt to assess the implications of a continued decline in the value of the dollar.

Sterling was little changed overall and its exchange rate index closed at 78.0 compared with a high of 78.3, an opening of 77.2 and Thursday's close of 77.9. Against the dollar it slipped to \$1.4245 at one point, but recovered to close at \$1.4285. It was higher against the D-mark, however, at DM 3.5428 from DM 3.5350 and Y291.50 from Y288.75. Against the Swiss franc it improved to SF 2.9780 from SF 2.9775 and FF 10.87 compared with FF 10.8575.

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Against the D-mark it touched

STERLING INDEX

	Jan. 3	Previous
8.30 am	78.2	78.4
9.00 am	78.2	78.5
10.00 am	78.1	78.5
11.00 am	78.1	78.4
Noon	78.2	78.2
1.00 pm	78.2	78.1
2.00 pm	78.3	77.9
3.00 pm	78.1	77.9
4.00 pm	78.0	77.9

CURRENCY RATES

	Bank	Special Drawing Rights	European Currency Unit
Sterling	0.758319	0.614493	
U.S. \$	71.9	108.5311	1.84634
Canadian \$	9.68	16.7875	1.48400
Swiss Fr.	6.04	52.1450	1.20400
Danish Kr.	7	9.605765	7.98167
French Fr.	2.62822	2.18482	2.07078
Irish Punt	15.16	1.10000	1.09000
Belgian Fr.	4	2.62463	2.62463
Swiss Fr.	5	1.10000	1.09000
Yen	5	10.71525	10.71525
Sw. Fr.	8.62	16.8430	16.8430
Sw. Fr.	10%	6.74781	6.74781
Sw. Fr.	20%	1.85640	1.85640
Sw. Fr.	30%	1.85171	1.85171
Sw. Fr.	40%	1.85035	1.85035

*CS/SDR rate for December 31: 1.5360

CURRENCY MOVEMENTS

	Bank of England	Morgan Guaranty Index	Change %
Sterling	98.0	12.3	-0.1
U.S. dollar	126.1	+16.7	+0.1
Canadian dollar	80.5	+11.9	+0.1
Austrian schilling	128.3	+6.2	+0.1
Belgian franc	95.2	+9.4	+0.1
Deutsche mark	151.4	+12.0	+0.1
Swiss franc	152.1	+12.0	+0.1
French franc	145.4	+10.9	+0.1
Sw. Fr.	126.7	+10.5	+0.1
Irish Punt	10%	6.55	+0.2
Yen	176.2	+26.8	+0.1

Morgan Guaranty changes: average 1980-1982=100, Bank of England Index (base average 1976=100).

EURO-CURRENCY INTEREST RATES

Belgian rate is for convertible francs. Financial franc: 75.10-73.20. Six-month forward dollar 2.68-2.63 pm. 12-month 4.85-4.90 pm.

Long-term Eurodealers: two years 8% per cent; three years 8% 8% per cent; four years 8% 8% per cent; five years 8% 8% per cent nominal. Short-term rates are cast for US dollars and Japanese yen; others two days' notice.

EXCHANGE CROSS RATES

	Jan. 5	Short term	7 Days notice	1 Month	Three Months	Six Months	One Year
Sterling	115-116	115-116	115-116	115-116	115-116	115-116	115-116
U.S. Dollar	84-85	84-85	84-85	84-85	84-85	84-85	84-85
Austrian schilling	128.3	+6.2	+6.2	+6.2	+6.2	+6.2	+6.2
Belgian franc	95.2	+9.4	+9.4	+9.4	+9.4	+9.4	+9.4
Deutsche mark	151.4	+12.0	+12.0	+12.0	+12.0	+12.0	+12.0
Swiss franc	152.1	+12.0	+12.0	+12.0	+12.0	+12.0	+12.0
Guilder	121.4	+7.4	+7.4	+7.4	+7.4	+7.4	+7.4
French franc	145.4	+10.9	+10.9	+10.9	+10.9	+10.9	+10.9
Sw. Fr.	126.7	+10.5	+10.5	+10.5	+10.5	+10.5	+10.5
Irish Punt	6.55	+0.2	+0.2	+0.2	+0.2	+0.2	+0.2
Yen	176.2	+26.8	+26.8	+26.8	+26.8	+26.8	+26.8

Long-term Eurodealers: two years 8% per cent; three years 8% 8% per cent; four years 8% 8% per cent; five years 8% 8% per cent nominal. Short-term rates are cast for US dollars and Japanese yen; others two days' notice.

EXCHANGE CROSS RATES

	Jan. 5	#	£	DM	YEN	FFr	8 Fr.	HFL	Lira	CS	B.Fr.
1	1,439	3,543	291.5	10,87	2,975	4,000	2415	2,019	76.50	76.50	76.50
2	0.685	1	2,461	202.6	7.755	2,070	2,210	1,782	1,403	50.45	50.45
3	5,431	4,927	18.15	1,000	37.89	10.31	32.82	1,062	849.1	—	—
4	0.282	0.206	3,259	3,068	0.840	1,298	681.6	0.570	0.40	—	—
5	0.280	1,284	3,259	268.9	10	2,727	5,859	2,621	1,057	25.75	25.75
6	0.534	0.534	1,191	97.98	1,191	1,191	1,191	1,191	1,191	1,191	1,191
7	0.280	0.280	1,284	268.9	10	2,727	5,859	2,621	1,057	25.75	25.75
8	0.280	0.280	1,284	268.9	10	2,727	5,859	2,621	1,057	25.75	25.75
9	0.280	0.280	1,284	268.9	10	2,727	5,859	2,621	1,057	25.75	25.75
10	0.280	0.280	1,284	268.9	10	2,727	5,859	2,621	1,057	25.75	25.75
11	0.280	0.280	1,284	268.9	10	2,727	5,859	2,621	1,057	25.75	25.75
12	0.280	0.280	1,284	268.9	10	2,727	5,859	2,621	1,057	25.75	25.75
13	0.280	0.280	1,284	268.9	10	2,727	5,859	2,621	1,057	25.75	25.75
14	0.280	0.280	1,284	268.9	10	2,727	5,859	2,621	1,057	25.75	25.75
15	0.										

LONDON STOCK EXCHANGE

S E DEALINGS

Leading shares move progressively higher and FT index closes 11.1 up at record 1149.6

Account Dealing Dates
Options

*First Declar- Last Account
Deals 9 Dec 19 Dec 28 Jan 6
Dec 23 Jan 9 Jan 10 Jan 20
Jan 13 Jan 23 Jan 24 Feb 3
** "New-time" dealings may take
place from 9.30 am two business days
earlier.

Record levels were achieved in the late afternoon when the FT Ordinary Share Index surprised the November 29 peak of 1148.9 and advanced further to close 11.1 up at best-ever 1149.6. The second business session of the year was not renowned for increased investment activity, although volume continued to improve on recent standards, but for renewed selective demand which exerted further pressure on dealers' short book positions.

Once again investors were wary in the early dealings. An initially firmer sterling exchange rate was one deterrent and the setback on Wall Street overnight was another factor influencing the mood. Blue Chip issues stuck fast for the first hour or so on business but then cautiously edged forward to early records set by the Ministry of Defence orders, worth nearly £1bn, for torpedoes and submarines Marconi, the GEC subsidiary was chief beneficiary of these contracts.

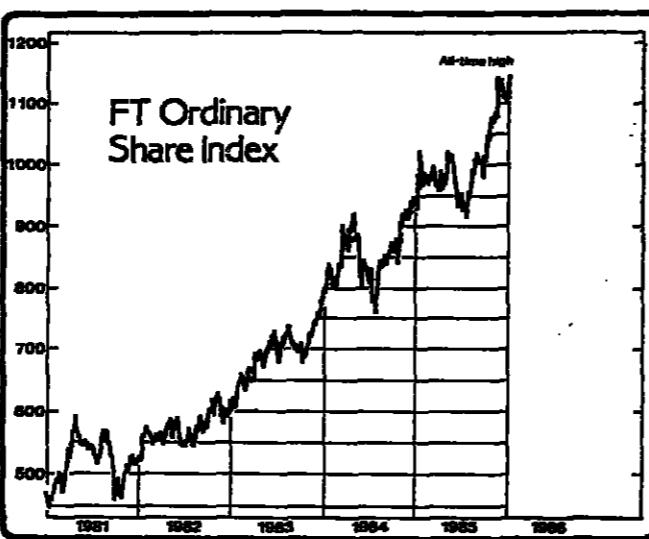
Beset with problems throughout the previous year, the Electrical sector responded well as recovery hopes took hold. STC, which received a plethora of New Year recommendations, rose 6 to 108p, while GEC gained 3 to 178p and Racal Electronics 10 to 172p. Lucas Industries continued their strong run since the chairman's annual statement, which has provoked several buy recommendations.

Press-inspired speculation that Argyl Group's £1.9bn bid might incur a Monopolies Commission reference after all prompted nervous selling of Distillers, but this proved to be short-lived and the shares rallied from the day's low of 485p to settle only a couple of pence cheaper on balance at 495p. Argyl put on 7 to 350p. A decision is expected from the Office of Fair Trading early next week. Leading Breweries made progress across a broad front, albeit in thin trading. Bass continued to persistent small selling as the pound came away from its enhanced opening level against the dollar. The offerings were directed mainly at longer-dated stocks which eased progressively to end 1 lower on balance. Bass at the shorter end of the market was again affected by the continuation of tight money conditions in London.

In direct contrast, the Gil-edged sector experienced a rather depressing day. Lacking scope at the moment and currently subject to currency fluctuations, the market ran into persistent small selling as the pound came away from its enhanced opening level against the dollar. The offerings were directed mainly at longer-dated stocks which eased progressively to end 1 lower on balance. Bass at the shorter end of the market was again affected by the continuation of tight money conditions in London.

Allianz soar

West Germany's largest general life group Allianz featured a buoyant insurance sector, leaping 12 points to 705 in response to strong buying in a market short of stock; the heady advance was accompanied by rumours of an imminent fund-raising exercise in order to help finance a major acquisition. On the domestic front, GRE rose 10 to 740p on news of the company's move into the motor repairs business via the acquisition of the Lagroko Motor company. General Accident put on 13 to



extended until January 16. Derek Crouch attracted support and added 4 to 128p, as did Tay Homes, the same amount dearer at 56p. USM-quoted EBC put on 5 to 170p.

ICI attracted steady demand and closed 8 higher at the day's best of 765p. Buyers continued to favour Croda International, up 2 more to 135p, while Ellis and Everard moved up 4 to 176p. On the other hand, a fresh bout of profit-taking clipped 2 from British Benzol at 58p.

Habitat better

Habitat Mothercare took a further turn for the better, rising 10 instead of 465p following the early announcement that its proposed merger with British Home Stores would not be referred to the Monopolies Commission; BHS closed 4 dearer at 340p. Among other leading sellers, Woolworths rose 3 at 540p and Sainsbury improved 2 at 1134p. Elsewhere, Elgan, with 4 to 316p, on continued takeover speculation, while revived support left Milllets Leisure 10 up at 185p.

Enlivened by news of the order worth around £400m for Gravy advanced lightweight torpedoes, GEC pushed ahead smartly to close 8 higher at 178p. Plessey armed a couple of pence to 174p. Racial, were particularly good among other defence issues, closing 10 higher at 172p. Then ENI, helped by the announcement of a £1.5m order for the Colt continuous casting plant, closed 4 dearer at 285p. Other leading issues were prominent at 320p, up 16. UEL improved 3 to 218p and United Scientific 6 to 180p. While AB Electronic drifted 13 further to 208p, MR Electric rose 11 to 286p. Wardplast moved 7 to 72p, while Press mention stimulated further support for C. H. Beeler's bid which reached its first closing date with minimal acceptances; the offer has been

systems, in contrast, met nervous offerings and fell 1 to 62p.

GKN, a further 7 up at 277p, continued to make progress but other leading Engineers showed little alteration. Secondary issues, however, encountered selective buying interest. McKechnie, in which Nigerian Holdings recently acquired a stake, advanced 9 to 154p. Baker Perkins improved 7 to 223p and Pelegier Hattersley, a like amount to 343p, while IMI were 4 dearer at 125p. News of the sale of its Edgar Allen Mining Products subsidiary left Aurora 3 higher at 42p, while WA Holdings hardened a penny further to 45p, following news of the Board changes and completion of the Potter Cowan acquisition.

Unigate, a rising market recently on vague rumours of bid from Hillsdown Holdings, encountered profit-taking in the absence of any development and closed 10 lower at 227p. Elsewhere in the Food sector, Barker and Dobson added a penny to 134 following an investment recommendation, while fresh demand lifted Albert Fisher 5 to 164p. Normans Armed 2 to 71p on speculative interest and Hillards rose 8 to 208p in a restricted market. Pyke Holdings moved up 7 more to 425p on hopes of further bid developments.

A chart "buy" signal stimulated Grand Metropolitan which gained 8 to 411p, while buying ahead of the annual results due on January 15 lifted Trasthouse Forte 6 to 164p.

Metal Box higher

METAL BOX, the subject of several brokers' recommendations, responded afresh to buying with a gain of 12 more at 550p. Other miscellaneous industrial leaders were indicated harder but Beecham drifted off 5 further to 355p on fading hope. Elsewhere demand ahead of the interim figures expected next Monday left F. H. Wimkins 9 to the good at 271p, while Evode, preliminary figures due at 185p, a penny dearer at 189p. Micro Business

acceptances; the offer has been

later this month, advanced 7 to 115p. Exel moved up 15 to 330p amid speculation that Dr Marwan has increased his stake in the company. Still responding to recent Press mention, Blue Arrow put on 15 more to 265p, while demand persisted for Rank Organisation, up 6 further at 453p. Shell finished 14p more to 33p, but Britoil, having slumped to 203p, picked up to finish 3 dearer at 208p. Elsewhere, Sovereign reacted to 84p prior to closing a net 6 off at 85p, but Sun UK attracted support on drilling hopes and firmest 5 to 130p. Highland Participants were supported at 185p on 11. It will be interesting to see what happens to the oil majors in the event of a further increase to close with only minor losses on balance. British Petroleum recovered from an initial 553p to close just 4 cheaper at 558p, while Shell finished unaltered at 665p, after LASMO settled 5 lower at 660p. LASMO settled 5 lower at 235p, but Britoil, having slumped to 203p, picked up to finish 3 dearer at 208p. Elsewhere, Sovereign reacted to 84p prior to closing a net 6 off at 85p, but Sun UK attracted support on drilling hopes and firmest 5 to 130p.

Campari attracted further speculative interest and rose 3 to 40p, while buying of a similar nature left Riley Lennox 2 bettered at 56p.

United Newspapers advanced 13 to 268p on hopes of substantial benefits from the recent acquisition of Fleet Holdings.

Among Paper/Printings,

perpetualistic buying lifted

Craten Lodge 22 to 133p, while Holmes Merchant continued to reflect a New Year investment recommendation with a fresh improvement of 20 to 435p.

Investment comment gave a strong boost to the Property sector. MIPIC touched 305p prior to closing a net 4 up at 303p, while Hammerson A rose 15 to 480p. Hastemere Estates were 5 higher at 320p and Peacock gained the same amount to 265p. Stock Conversion moved up 10 to 340p. Secondary issues featured Regalton which advanced to 300p before closing a net 40 up to 315p reflecting the success of recent rights issue. Greycoat were also in the market at 232p, up 6, while London and Edinburgh gained 10 more to 460p. Mountleigh rose 15 to 320p and USM-quoted Trencherland gained a like amount at 300p. RTZ, buoyed by steadier base-metal prices, rallied from an earlier 515p to settle 2 dearer on balance at 520p. Buyers also displayed enthusiasm for East Rand Consolidated, finally 5 to the good at 41p.

Among South African Financials, De Beers, still anticipating favourable world diamond sales figure shortly, improved 10 for a two-day gain of 28 to 340p. Gold Fields of South Africa rose 24 more to 703p, while Anglo American Corporation hardened to 707p on the joint decision not to merge.

Ocean Transport continued to reflect hopes of a bid from P & O Dredger with a fresh improvement of 5 to 185p.

With the exception of Shaw Carpets, which softened a penny to 32p, after 30p, in reaction to news of the 50.5m interim deficit, price movements in Textiles were usually favoured holders. Courtalde hardened a couple of pence to 195p in the wake of its purchase of Berle (UK) from the receivers, while improvements of 5 and 10 respectively were seen in Allied, 425p, and Yorklyde, 250p.

Ipsos edged forward a couple of pence to 258p following the strong rejection of Hansons Trust's bid.

A lively session in Financials culminated with the news that Guinness Peat's often acrimonious offer for Erskine Arrows had lapsed. The latter, standing at 142p, immediately in front of the announcement, dipped to 158p — a net loss of 2p, while Guinness Peat reverted to the overnight level of 17p, after 68p. Elsewhere, United Computer and Technology were marked 20 higher to 35p following the 17 to 72p. Press mention stimulated further support for the Harvard Securities. Ireland's Silvermines responded with a rise of 6 to 132p. International City hardened a few pence to 185p; the company is conducting exploratory negotiations.

Elsewhere, the Gold/anthony produced Consolidated Marchison improved 20 to 250p.

Australian mines, subdued in overnight Sydney and Melbourne as operators there concentrated on industrial issues, went better in London with the aid of "call" option business. Peko-Walkerdale highlighted for this reason with a gain of 8 to 236p, while CRA firms a like amount to 260p.

Bullino's indecisive performance — the metal price fluctuated narrowly before settling 25 cents higher at 832.5 — ensured yet another near-featureless session among South African Golds. Only Vale Reet, 1 higher at 243p, made any worthwhile progress. The FT Gold Mines index rose 0.1 to 257.8 — an advance of 17.8 over the shortened week.

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Australian mines, subdued in overnight Sydney and Melbourne as operators there concentrated on industrial issues, went better in London with the aid of "call" option business. Peko-Walkerdale highlighted for this reason with a gain of 8 to 236p, while CRA firms a like amount to 260p.

Bullino's indecisive performance — the metal price fluctuated narrowly before settling 25 cents higher at 832.5 — ensured yet another near-featureless session among South African Golds. Only Vale Reet, 1 higher at 243p, made any worthwhile progress. The FT Gold Mines index rose 0.1 to 257.8 — an advance of 17.8 over the shortened week.

Elsewhere, the Gold/anthony produced Consolidated Marchison improved 20 to 250p.

Australian mines, subdued

Weekly dealing day Tues

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AA Friendly Society	
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FINANCIAL TIMES

Saturday January 4 1986

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Libyans ready 'to face US attack'

BY ROGER MATTHEWS, MIDDLE EAST EDITOR

LIBYA reported yesterday that anti-American demonstrations had continued throughout the country for the second consecutive day, in response to US and Israeli threats of retaliation for the airport attacks in Rome and Vienna last week, in which 19 people died.

Tripoli radio said the demonstrators had pledged their determination "to face any attack by the American imperialists and Zionists". It said Libyans were ready to fight and to join suicide squads.

Col Muammar Gaddafi, the Libyan leader, has been accused of providing support for the extremist Palestinian faction headed by Abu Nidal which several countries believe was responsible for the terrorist attacks.

West Germany said yesterday that there was growing evidence of Libyan backing for Abu Nidal but added that it would not join the US call for economic sanctions.

Victory for Phillips in oil royalties battle

By Fay Gjester in Oslo

PHILLIPS PETROLEUM has been awarded just over Nkr 140m (£12.8m), with Nkr 675,000 costs, at the end of a long legal battle with Norway about royalty payments on production from the Eksfo oil and gas field in the North Sea.

The decision of the Norwegian Supreme Court could set a precedent for the tax treatment of about 35 other oil companies. It could also lead the Norwegian Government to back down on its demand that royalty payments be made quarterly, a half-yearly, three months after falling due.

The award to Phillips represents compensation for extra interest costs incurred because the Government unilaterally changed its agreement with oil companies—under licences awarded before 1972—that production royalties should be paid quarterly instead of half-yearly, and demands quarterly payment instead.

Two lower courts agreed with the Phillips claim that the Government had no right to do this, and on December 19 the supreme court upheld their judgments. The sum of Nkr 140m represents interest costs incurred between 1977, when the Government began demanding cash payment quarterly, and June 30, 1985.

Before 1977, all royalties had been collected in kind. Norway's new petroleum law, which came into force on July 1, 1985, annulled earlier royal decrees about how often royalties should be paid and confirmed that they should be paid every quarter.

The judgment does not take a stand either way about the legal position after July 1 1985; that is, whether the Government has the right through the petroleum law to annul the 1985 royal decree which specified half-yearly payments.

Phillips' legal advisers say that if the Government does not amend the new law, and returns to the half-yearly system, the company will probably test the law in the courts, on the grounds that the Norwegian constitution forbids retroactive legislation.

Chief price changes yesterday

(Prices in pence unless otherwise indicated)

	RISES	FALLS
A. B. Electronic	208 + 13	
Allianz	2705 + 128	
Allied-Lyons	275 + 8	
Blue Arrow	205 + 15	
Cous. Gold Fields	453 + 15	
Craton Lodge	133 + 22	
East Rand Cons.	41 + 5	
Finlay (James)	90 + 6	
GEC	178 + 8	
Grand Metropolitan	411 + 8	
GRK	271 + 15	
Habitat Mothercare	258 + 15	
Lucas Inds.	508 + 10	
McKechnie Bros.	194 + 9	
Metal Box	550 + 12	

Worldwide weather

Y-day	midday	Y-day	midday	Y-day	midday	Y-day	midday	Y-day	midday	
Aleppo	T 14	67	Corfu	F 15	69	Luxembourg	F 4	39	Peking	S 9 - 16
Algiers	F 16	68	Dallas	S 16	61	Madras	F 15	61	Perth	S 31 - 88
Aden	S 17	63	Jordan	S 14	62	Malta	S 14	57	Port	S 4 - 88
Astana	S 17	63	Dhark	S 14	62	Malta	S 14	57	Port	S 4 - 88
Bahrain	F 19	68	Edinbgh.	S 12	36	Malta	S 14	57	Port	S 4 - 88
Barbados	I 14	67	Faro	S 12	36	Malta	S 14	57	Port	S 4 - 88
Belfast	S 1	24	Frankft.	F 16	60	Malta	S 14	57	Port	S 4 - 88
Belgrd.	S 10	50	Geneva	F 7	75	Malta	S 14	57	Port	S 4 - 88
Berlin	C 19	50	Gibraltar	S 14	45	Malta	S 14	57	Port	S 4 - 88
Burma	S 1	24	London	S 14	45	Malta	S 14	57	Port	S 4 - 88
Brighton	S 3	37	G'mseye	C 4	45	Malta	S 14	57	Port	S 4 - 88
Blackp.	S 3	37	Halgink S	N - 5	32	Moscow	S 13	8	Sikhim.	S 4 - 25
Bombay	S 30	88	H. Kong	S 19	58	Munich	S 11	41	Sirabg.	S 8 - 45
Bosnia	S 1	24	Helsinki	S 19	58	Munich	S 11	41	Sirabg.	S 8 - 45
Boulog.	R 4	39	Inveras.	F 1	34	Naples	F 17	63	Sirabg.	S 8 - 45
Bristol	F 4	39	i.o.Men	S 3	37	Nassau	F 17	63	Tel Aviv	C 17 - 72
Brussels	F 5	39	Istanbul	S 3	37	Naxxar	F 17	63	Tel Aviv	C 17 - 72
Budapest	C 19	34	Jersey	R 5	51	N. Dalm.	S 16	51	Tenerife	C 18 - 88
Budpt.	C 19	34	Johor	R 5	51	Trenton	S 1 - 1	51	Tokyo	C 6 - 45
Cardif.	S 4	35	Pime	F 19	72	Tunis	T 7	51	Tokyo	C 6 - 45
Cape T.	S 22	72	Lisbon	F 13	55	Nicoya	G 19	54	Toronto	C 13 - 88
Chicago C	-2	28	Locome	F 6	43	Oporto	C 11	54	Vancouver	F 1 - 34
Cologne	C 5	41	London	S 11	39	Oslo	S 11	54	Verasw.	F 1 - 34
Comign. C	-2	28	London	F 13	54	Pana	F 17	54	Versailles	F 1 - 34
C. -Cloudy.	S -		London	F 13	54	Zurich	C 17	54	Versailles	F 1 - 34
D -Drizll.	S -		London	F 13	54	Zurich	C 17	54	Versailles	F 1 - 34
S -Sunny.	S -		London	F 13	54	Zurich	C 17	54	Versailles	F 1 - 34
S -Sleet.	S -		London	F 13	54	Zurich	C 17	54	Versailles	F 1 - 34
T -Thunder.	S -		London	F 13	54	Zurich	C 17	54	Versailles	F 1 - 34
W -Wind.	S -		London	F 13	54	Zurich	C 17	54	Versailles	F 1 - 34
Y -Cloudy.	S -		London	F 13	54	Zurich	C 17	54	Versailles	F 1 - 34
Z -Driill.	S -		London	F 13	54	Zurich	C 17	54	Versailles	F 1 - 34

as an attractive element in the Sikorsky/Flat proposal, but Mr Heseltine assured Mr Horne that the Government had no intention of ordering it "whether offered by Short Brothers in association with Sikorsky or by Westland in association with Sikorsky."

In terms sharply contrasting to the even-handed approach adopted by the Prime Minister in her letter to Sir John Crichton, chairman of Westland, two hours earlier, Mr Heseltine insisted that if the company chose the Sikorsky/Flat link it was likely to be frozen out of potential European collaborative projects.

Mr Heseltine told Mr Horne that there were three future helicopters intended to form

Spain and Portugal get modest jobs in EEC Commission

By Quentin Peel in Brussels

An official said that if the evidence became stronger, the government in Bonn would coordinate joint measures against Libya with its European partners. He declined to speculate about the form such measures might take.

Israel has already declared that it will retaliate for the airport attacks, which were aimed at check-in desks of its airline, El Al. The Cabinet has discussed possible targets but officials have stressed that the timing of reprisals remains open.

Members of the right-wing Likud party have argued that the US should not expect Israel always to do "its dirty work" and that it should accept responsibility for hitting back at terrorists.

The Government would discuss all aspects of the issue at its next sitting on Tuesday, the Chancellor added. It is thought important changes may result in Austrian policy, especially towards Libya, its third most important trading partner in the Middle East and North Africa.

Shamir's call, Page 2

Spain and Portugal get modest jobs in EEC Commission

By Quentin Peel in Brussels

certainly do more in this direction," he said.

Patrick Blum writes from Vienna: The Austrian Government is to re-examine its Middle East policy, but we will take steps against anyone responsible for such terror acts or who lends support to such acts."

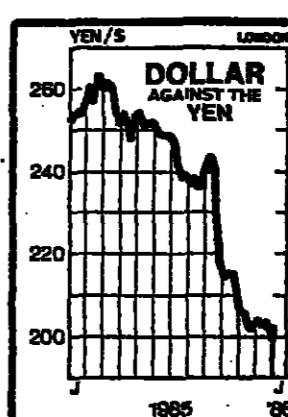
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Shamir's call, Page 2

THE LEX COLUMN

The land of the rising yen

Index rose 11.1 to 1149.6



US ought now to be satisfied. Unfortunately, the short-term effect of a weaker currency on a country which imports too much is to worsen the current account deficit as the same volume of goods is imported in more expensive foreign currencies.

If anything strengthened the market, it would be the extension of its cash incentives and share options to Imperial's line management will improve performance. The listing particulars shows that 550 of Hanson's own managers enjoy options over equity with a total value of around £70m. That does look a pretty good incentive.

Guinness/Britannia

Yesterday's deadline saw Guinness Peat failing woefully short of the acceptance it needed to secure control of Britannia Arrow. While not even the most far-sighted merchant banker could have envisaged the emergence of a concert party as curious and aggressive as the Maxwell/MIM group, the bidder has to some degree been hoisted by its own petard. The cash alternative was left to trail behind a paper offer which was vulnerable to market operators and GPC's inability to secure the stake which gave Mr Maxwell his toe-hold may have been decisive. Britannia, meanwhile, has retained a very unusual sort of independence.

With two parties controlling nearly the losses relate principally to earnings and capital value foregone by the disposal of the BAT holding in the late 1970s—but the offer document makes marvellous reading and scores some solid points. Gone is the take-it-or-leave-it approach which characterised last year's

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WEEKEND FT

Saturday January 4 1986

• MARKETS • FINANCE & THE FAMILY • PROPERTY • TRAVEL • MOTORING • DIVERSIONS • HOW TO SPEND IT • BOOKS • ARTS • TV

ADINNER party celebrating the debut at New York's Carnegie Hall last October of the young Brazilian pianist, Jose Feghali, was in full swing when Van Cliburn, the US piano sensation of the late 1950s, rose to speak. Cliburn, now a portly 51, is the figurehead for the quadrennial international piano competition in Fort Worth, Texas, that bears his name. Feghali, who is 24 and has lived and studied in London for the past 10 years, was the latest winner.

Cliburn revealed that Feghali had "graciously agreed" at short notice to do a recital the following afternoon in Chicago, filling in for ailing Andre Watts. Thus, he would have to leave the party early to get a few hours sleep.

Ah! Here was the stuff of B-movie scripts. The handsome, aspiring performer being ushered out of the party on a wave of applause as he prepares for the big break that will make him a star overnight. And in the best showbiz tradition, Feghali triumphed the next day. The critic of the Chicago Sun-Times went so far as to suggest that the Brazilian could easily have a career surpassing that of the famous Soviet pianist, Emil Gilels, who had died the previous week. The Chicago Tribune reviewer said Feghali not only had considerable pianistic accomplishments but "a natural flair for stage communication".

Real life is not a script, however, back in New York, Bernard Holland, of the all-important New York Times, was writing a rather different reaction to the Carnegie Hall recital. He dismissed Feghali as "a skilled orator without a topic" and concluded that "he is neither intellectually nor spiritually equipped for the spotlight into which he has been cast."

Two days later Feghali was back at his dingy terraced house in Finchley, north London, bemused by the events of his previous weekend but, apparently, not distressed. "At the end of the day, it is not a review that will hurt your career," he said. "If the public like you, they will keep buying tickets."

Brave words, and true as far as they go; but they are a long way from the kind of thoughts preoccupying Feghali only a few months ago when he was just another struggling young pianist.

The odds still are strongly against him achieving international stature, but he is already in a very select company. He has been noticed, and he has agents working for him.

There are 151 students at the Royal College of Music in London studying piano as a principal subject, another 100 or so at the Royal Academy, and 50 more at the Royal Northern College of Music. Add similar numbers for other large West European countries, and many more for Eastern Europe, the US and Japan, and it quickly becomes clear that the supply side of this business is more than ample.

As for demand, the sad fact is that there are no permanent jobs for classical pianists. Aspiring soloists on virtually every other instrument can shelter in orchestras, especially violinists who are needed by the dozen. But most pianists have nothing on which to fall back while they struggle desperately to gain even the most modest forms of recognition. The only tactics available to them are to seize every opportunity to perform, however humbling, and to enter as many competitions as possible.

For the very talented, the struggle might not be quite as hard. Michael Kaye, general administrator of the Young Concert Artists Trust (YCAT), a UK charitable management agency that represents promising artists, says it usually is obvious even from a 15-minute audition if a musician has something special. Even recognition of talent

The music makers

London-based Jose Feghali won a top piano competition—but that alone won't ensure success. Ian Rodger reports.

does not translate easily into a career, though.

Feghali had already had considerable exposure by the time he went to Fort Worth last spring, and there was no doubt he had been noticed. While studying at the Royal Academy as a scholarship student, he took second prize at the Queen Sophia international competition in Madrid in 1979, first prize in the International Young Concert Artists competition in Tunbridge Wells in 1980, and first prize in the Dudley piano competition in 1981.

He appeared in master classes conducted on BBC television in 1983 by Jorge Bolet, and last year reached the quarter-finals of the famous Leeds piano competition. In 1984, he was one of six musicians selected to be represented by YCAT. Since then, he has played with the Royal Philharmonic Orchestra and three major provincial orchestras in the UK, as well as giving several recitals around the country. At home, though, he still was putting coins in a jar after each telephone call so as not to be caught short when the bill arrived.

One key to rising above the fringe world of club recitals and Sunday matinee concerts of old favourites is to attract the interest of a good commercial agent. Such a person is crucial to the success of any musician, simply because of the time it takes to make and cultivate contacts and to watch for opportunities. However, music management is almost as tough as the music business itself. Agents live on the strength of the artists they represent. If an agent cannot convince concert halls to book one of his artists, then he has to stop spending his time on that artist and sign up others.

Not surprisingly, the ranks of established musicians with agents are very small. The British Association of Concert Artists lists only 225 pianists in its who's who of musicians and their agents—and that includes all the great foreign players. Of this list, only about six can be counted on to fill the 3,000-seat Royal Festival Hall.

It is, of course, much more difficult for agents to arrange engagements for an unknown artist than a famous one, as they are reluctant to take on even the most talented and promising newcomers. However, one thing that can be counted on to attract the attention of agents is a victory in a big competition.

People in the music business quibble about the relative status of the world's top piano competitions; but the Van Cliburn is, without doubt, the most lavish, as befits an operation run by Texas millionaires. With his victory last June, Feghali picked up \$12,000 in cash, the Carnegie Hall recital, free air travel in the US for two years, and a heavy schedule of recitals and concert dates in North America and Europe for 30 months. More important, he was swamped with offers from agencies wanting to represent him. "I had had some exposure before, but there is no competition with this," he says.

Music competitions are controversial. Many people fear they do not necessarily push forward the most interesting performers. Critics, in particular, hate them, partly because they focus excessive attention and favour on one person, the winner, and partly because they promote a cult of youth in a field where

experience and maturity count for a lot. Holland's negative review of Feghali was motivated, at least as much by his distaste for competitions as from his displeasure with the performance. "This is perhaps the greatest damage that the Van Cliburn and competitions like it perpetrate," he wrote. "They convey the instant stamp of mastery to those who are not yet masters." Few, including Feghali himself, would argue with that. "I am not a master," he says. "The mastery comes years later."

Competitions are a phenomenon of

the post-war period and, like them or not, they respond to the demands of our age. The stately pre-war world in which many musicals could build and widen their reputations gradually by playing in clubs and halls has gone for ever. Because of improved communications, the top performers now dash around the world from engagement to engagement. The public, even in remote areas, has become reluctant to go out of its way to hear anyone but an internationally recognised artist. Moreover, the sale of recordings that

have been edited to be note-perfect has created almost inhuman expectations for concert hall performances. They also have limited the extent to which a musician can put his own interpretation on a work.

Competitions provide rough and ready solutions to these problems. With their enormous public appeal, they can make an instant and saleable start out of the winner — for a time, at least. This was demonstrated first in 1958 when Cliburn won the Chaikovsky competition in Moscow. Coming only a few months after the Russians launched the first sputnik, the victory was an enormous morale-booster for the US. Cliburn became a national hero and was given a ticker-tape parade down Broadway.

Since then, virtually every pianist to make an international reputation has done it through winning a major competition. Maurizio Pollini and Martha Argerich won the Chopin competition in Warsaw. Murray Perahia won at Leeds, and Radu Lupu won both the Leeds and the Van Cliburn. A few, such as Dinu Lipatti and Ivo Pogorelich, achieved fame because of the controversy generated when they did not win a competition.

Winning a competition is no guarantee of a career, though. As Andrew Raeburn, executive director of the Cliburn, says: "Winning is only the beginning." Even the long list of engagements is not crucial. "The key," says Raeburn, "is whether they invite you back." Many competition winners have shone brightly for a moment and then disappeared. Cliburn himself eventually came under severe criticism for not widening his repertoire, and has not played publicly for 10 years.

Competitions are judged by juries and, like any committee, these tend to form a consensus view in favour of the safest candidates — those with flawless technique and few, if any, eccentricities when interpreting popular works. It is inconceivable, for example, that Glenn Gould, the much-admired but unorthodox Bach specialist, could have won a major competition.

Christopher Elton, professor of piano at the Royal Academy and Feghali's teacher for the past six years, says: "We all dislike competitions, but I do not think we have the right to advise our students to stay away from them."

Whatever their merits, they certainly transform the life of a winner. Feghali might have been poor and unhappy before last June, but since then he has been caught up in a swirl of planes, hotels, concert halls, parties and Press interviews from Honolulu to Vienna, all programmed by the all-important agents.

Charles Hamlin, who has taken on Feghali, is recognised widely in the US as one of the up-and-coming agents. He left a high school teaching job in Buffalo eight years ago to set up his own agency with a friend, Edna Landau. That in itself was a brave thing to do because the management business in the US is dominated by two companies, Columbia Artists Management (CAMI) and International Creative Management (ICM).

Their power stems from the large number of popular artists they manage. If, for example, a concert hall wants to book Pollini, CAMI can reply by saying it would be easier to deliver him if the hall also would book Joe Bloggs, a pro-

mising unknown on its list. It is even more important for agencies to represent conductors because they have a large say in selecting soloists. CAMI manages more than 90 conductors.

In Britain, the concentration is not so great: four agencies, Harold Holt, Bobbs and Tillet, Harrison/Farratt and Ingpen and Williams lead the field. But in both countries, there also are dozens of independents, such as IMG Artists, Hamlin's agency, which has only 21 artists, including ensembles, on its list. The independents do not have the muscle of the big agencies but, like merchant bankers, they live by their wits, hoping for a big break.

An agent has to know all the concert hall managers and major conductors so that he can try to put forward his clients where and when he thinks the response will be sympathetic. The idea is to win the confidence of conductors and hall managers by delivering good artists.

Agents also negotiate fees, book hotels and flights, handle public and press relations, and provide financial advice and other services. For this they charge a 20 per cent commission on all fees, and bill the artist for every expense incurred on his behalf. An pianist can command more than \$20,000 for a performance; the typical recital fee of a young pianist like Feghali, is around \$1,000. But UK fees are much lower, a busy agent can make a good living, but a steady cash flow is vital. That is why agencies cannot afford to carry young, but unproductive, artists for very long.

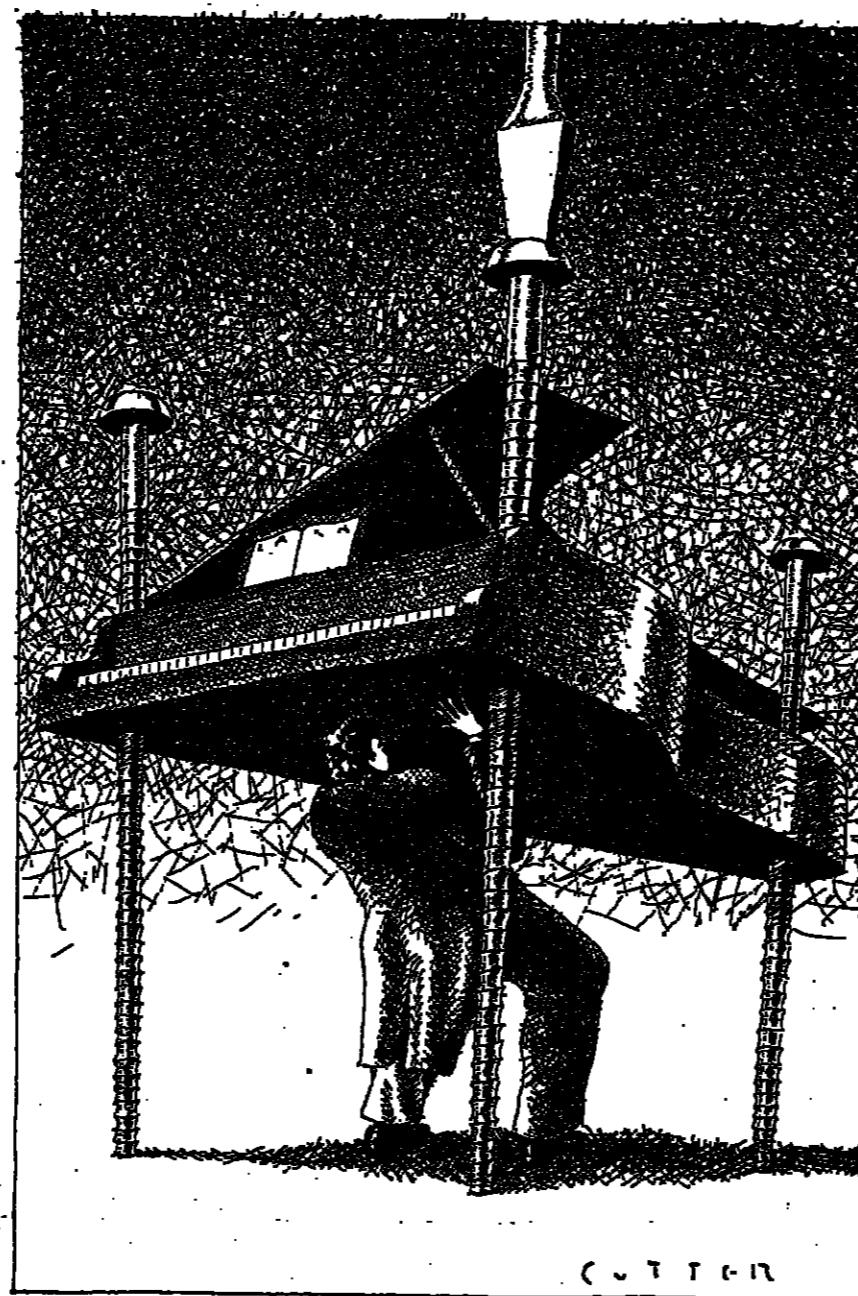
Hamlin claims he singled out Feghali and approached him at Fort Worth well before his victory. "I heard Jose do the Dvorak piano quintet" (Feghali also won the chamber music prize) "and it was alive, exciting playing," he says. "Then I listened to his semi-final recital and it was clear to me that this was someone of real artistic individuality."

The record companies also were in Fort Worth, but a recording contract is still a long way from Feghali, if it comes at all. The big companies — Deutsche Grammophon, EMI and CBS — have fallen on hard times in recent years, partly because of the home cassette taping boom, and they are in no rush to sign up new young pianists. The recent introduction of compact discs could make things even tougher: the new technology improves old recordings dramatically and is creating a surge in demand for old masters, such as Rubinstein and Cortot. Hamlin makes a virtue of this, saying Feghali should not record something now about which he might be embarrassed later.

All of this must be a bit overwhelming for the young pianist but, so far, he has managed his new life with remarkable poise. "Andrew says the importance of this has not hit yet," he says. "I think I had all the fear before the final. By then, I had felt I could win, and then there was this fear of the unknown."

He also has been lucky, though. The New York Times review, in isolation, would have been a devastating blow; but the Chicago raves, coming on the same day, cushioned it. And most of the reviews elsewhere have so far varied from gentle to highly complimentary. His private life has taken a beating and, of course, he has almost no time to prepare new repertoire, but he says he enjoys the routine. "I was worried about being able to live with this but I like it. Now that I am earning my living in it, I am finding that I love music much more than I thought."

• Jose Feghali performs at the Queen Elizabeth Hall, London, on Wednesday, January 8.



CUTTING

The Long View

A dusting of undeserved glamour

Like pill-makers, forecasters are doing their honest best, but the lay world gives them and their models a glamour they don't deserve in the slightest, says Anthony Harris.

ery is in the eye of the beholder. This bias has done a lot of damage. Faith in black boxes is now out of fashion, but the disillusioned threw out the baby with the bathwater. Politicians who became disillusioned with management-by-computer also lost all interest in serious economic analysis—but not in panaceas. Instead, we got a wave of simple-minded slogans about

spent some of their time on useful analyses of specific problems, and more recently specialised bodies like the Institute for Fiscal Studies, which does really influential work on tax and benefit questions, have flourished.

Now, however, new efforts are being made to encourage academic economists — the whole universe of minds in the discipline — to get engaged on practical policy issues, and to analyse them in language which practical policymakers can understand. The National Bureau for Economic Research in Washington has

worked for a long time on these lines.

Now the Centre for Policy Studies does the same in London, and recently a cross-Europe effort has been launched round a new book-style journal, Economic Policy.

This academic work reflects current developments in the subject-work on how well-informed expectations really may affect decisions, work recognising that equilibrium (balanced supply and demand) is an abstract idea rather than a fact of life, work on bargaining situations, and attempts to find rigorous definitions of words like "solvency" and "sustainability".

The results show why this kind of analysis is useful. It can on occasion provide precise answers to subjects which are often the subject of misleading rules of thumb, or more or less hysterical guesswork.

Daniel Cohen, a French ex-World Bank official, provides an illustration by working

out an index of country solvency showing which debt crises really imply a threat that banks may lose their money, and which merely imply that they may find themselves locked in. The formula would have forecast all the detailed crises.

I must say that I find this kind of approach much more useful and even much more entertaining than number-crunching. As a catalogue, it probably looks like anything rather than fun; but whenever the opportunity arises to steal a good piece of analysis from such a source, I will try to show that it is not only enlightening but even amusing. You can treat that as a manifesto or a grim warning, according to taste.

Economic Policy: Cambridge Univ. Press £3 for 2 issues annually.

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MARKETS

Oil the critical factor in equations for coming year

THERE WAS an air of confidence about the men and women who set off from their investment houses and dealing rooms on Tuesday. It had been the best of years on the equity market but capital growth of 18 per cent was not bad going and comfortably better than double the rate of inflation. And even the cautious among them could cheerfully tick off a fair list of reasons why equity prices could be a good 10 per cent or more higher in 12 months' time.

The economy might be pushed to match 1985's growth in GDP but at the very least there should be an increase of 2 per cent and possibly an even better showing closer to 4 per cent. Inflation will continue to fall and if the Chancellor's target of less than 4 per cent looks a little too rosy there is no doubt that once again the corporate sector will see a real increase in profits.

After the last 12 months, when overall profits growth probably only just crept into double figures, 1986 holds out the hope of a further 10, or perhaps even 15 per cent increase in pre-tax profits with marginally lower tax rates pointing to something a touch better at the earnings level.

Dividend growth should, more or less, keep pace with earnings.

So the equity market is sitting on a prospective earnings multiple of 11 and a dividend yield of very close to 5 per cent, in keeping with the average figures of the past few years.

Yet even an optimist has to concede a couple of imperfections in the bullish view. The oil price remains critical. It only took a few rumbles from within Opec that its members were no longer willing to sacrifice output in order to sustain the price to clip 5 per cent off the equity market from the 702 high point on the All-Share.

Interest rates remain historically high in real terms and are likely to stay that way for a while. There may be scope for a modest cut ahead of the Budget but there would be no point in seriously trimming base rates only to haul them up twice as quickly to defend sterling if the oil price collapses. It was only a year ago that short-term rates were jerked up by 4 points to 14 per cent as the pound rushed towards parity with the dollar.

As long as the oil price remains uncertain — and the next Opec meeting will not take place until shortly before the Budget — Mr Lawson will not want to tamper much with interest rates. But even so, the optimist points out, 11½ per cent

The Budget, however, is coming on an attractive earnings multiple and the enlarged group will be lightly geared.

Elsewhere in the consumer sector brewers and distillers have been star performers but largely thanks to a rash of bids that prompted a wholesale reappraisal of the drinks industry. That is unlikely to be repeated in '86 but profits growth could still come out above the industrial average. Bass and, among the regionals, Wolverhampton and Dudley give exposure to well run pure brewers while Gramercy Metropolitan offers a much wider spread and should perform well after the disappointments of 1984-85.

In the capital goods sectors, groups tied to the UK building industry and many of the engineers deserve a cautious approach. As capital allowances dry up the biggest problem for many of these companies could simply be a lack of demand.

Electronics, however, which carried away the wooden spoon for '85, might bounce back this year. The reasons for the slump in share prices, which took a highly rated sector and left it standing at a discount to the market twelve months later, are well known but there are reasons to be optimistic now as the outlook for a number of important areas—defence, telecoms and semiconductors—improves. With the benefit of lower cost bases profits in 1986-87 could show a sharp improvement and share prices should react in anticipation later in the year.

In particular the collapse in STC's price appears overdone. Profits for calendar '86 could come out around £70m. A prospective p/e of 12 is hardly cheap on face value but consultants have been crawling all over the group and their findings are now in the hands of new management. Conceivably £70m of costs could be stripped out of the group over the next year.

The other notable weak spots of 1985 were tobacco and chemicals thanks to the impact of a strengthening pound on dollar earnings and international competition. BAT's price has been well hammered but a discount of 45 per cent to the market average seems too harsh.

The prospects for chemicals are less enticing. Both ICI and

first quarter. The market is already well prepared for Mr Lawson raising a further £4bn from his privatisation programme this year. The timetable looks something like this: a second call on Cable and Wireless £300m, in March, the last call on Telecom the next month raising £1.2bn, Royal Ordnance £200m, British Airways £1bn and the first tranche of British Gas raising something between £2bn and £3bn. Somewhere along the line TSB has to be fitted in.

That would seem to leave the results season of the early months as an obvious window for any large rights issues. The market has earmarked funds for the Wellcome flotation but an overdose of cash calls could easily reverse prices just as it did last summer when Hanson dived in with its £1bn issue.

The bull market may hold good for another 12 months but equities will surely remain volatile. The target range for the year end must be something around 730 to 750 on the All-Share but it could easily touch extremes of 600 or 800 assuming the year contains its fair share of snakes and ladders.

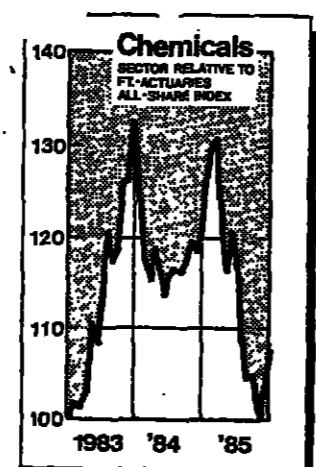
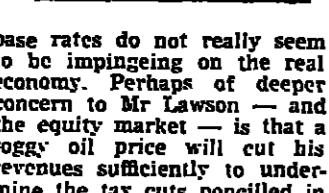
In terms of sector performance it could well turn out that the fashionable areas of '85 slip down the performance tables while the ugly ducklings turn into at least respectable looking ducks. For example, although consumer spending appears all set to be buoyant again it is unlikely that the stores sector can achieve anything like last year's 30 per cent rise.

Certainly the sector should see an above average level of profits increase but that expectation is already well and truly recognised in current share prices with a historic p/e of likely '85 profits of around 16. The only caveat which could change the bland prospects for stores is the potential for battles with the West German majors.

So some of last year's laggards should come right during '86 but the best of the year — and perhaps the safest bet at this stage — is the composite insurance sector where profits are recovering fast on the back of rate increases, particularly in the US. The pick of the bunch is Royal and G.

One stock, however, which could stand out from the throng is Habitat International. The shares have performed badly since the announcement of the BHS merger but BHS

Terry Garrett



base rates do not really seem to be impinging on the real economy. Perhaps of deeper concern to Mr Lawson — and the equity market — is that a soggy oil price will cut his revenues sufficiently to undermine the tax cuts pencilled in for the Budget.

Yet the outlook may have to be very bleak to prevent the Chancellor from issuing a reactionary Budget. Even with oil price constraints £2bn of tax cuts could be offered to the electorate which should ensure that consumer spending remains the driving force this year — underlining the argument for domestic profit farmers — even if it does not win lots of extra votes.

INTEREST RATES: WHAT YOU GET FOR YOUR MONEY

	Quoted rate %	Compounded return for taxpayers at 30% 45% 60%			Frequency of payment	Tax (see notes)	Amount invested £	Withdrawals (days)
CLEARING BANKS*								
Deposit account	8.75	8.83	4.58	3.33	half yearly	1	—	6.7
High interest cheque	8.25	8.51	6.69	4.86	quarterly	1	2,500 minimum	60
3-month term	8.00	8.24	6.47	4.71	quarterly	1	2,500-25,000	90
BUILDING SOCIETIES†								
Ordinary share	7.00	7.12	5.60	4.07	half yearly	1	1,250,000	0
High interest access	8.75	8.75	6.88	5.00	yearly	1	500 minimum	0
90 day	9.50	9.73	7.64	5.56	half yearly	1	500 minimum	90
Premium	9.40	9.74	7.65	5.56	quarterly	1	10,000 minimum	90
NATIONAL SAVINGS								
Investment account	11.50	8.05	6.33	4.60	yearly	2	5-50,000	30
Building society	12.00	8.88	5.97	5.07	monthly	2	2,000-50,000	90
31st issue	7.25	7.25	7.85	7.25	not applicable	2	25-5,000	3
Yearly plan	8.19	8.19	8.19	8.19	not applicable	2	20-200/month	14
General extension	8.53	8.52	8.52	8.52	yearly	3	—	3
NETHER MARKET ACCOUNTS								
Money Market Trust	8.69	8.88	6.97	5.07	half yearly	1	2,500 minimum	0
Schroder Wag	8.04	8.34	6.55	4.77	monthly	1	2,500 minimum	0
Provincial Trust	8.60	8.95	7.03	5.11	monthly	1	1,000 minimum	0
BRITISH GOVERNMENT STOCKS‡								
7.75% Treasury 1985-88	11.18	9.02	7.79	6.57	half yearly	4	—	0
10% Treasury 1990	11.29	8.20	6.53	4.87	half yearly	4	—	0
10.25% Exchequer 1995	11.09	9.08	6.45	4.83	half yearly	4	—	0
3% Treasury 1987	8.49	7.70	7.22	6.73	half yearly	4	—	0
3% Treasury 1989	8.55	7.64	7.10	6.56	half yearly	4	—	0
Index-linked 1988†	9.31	8.63	8.27	7.91	half yearly	2/4	—	0

Lloyds Bank. † Halifax. ‡ Held for five years. § Source: Phillips and Drew. ¶ Assumes 4 per cent inflation rate. £ Paid after deduction of composite rate tax, credited as net of basic rate tax. £ Paid gross. £ Tax free. £ Dividends paid after deduction of basic rate tax.

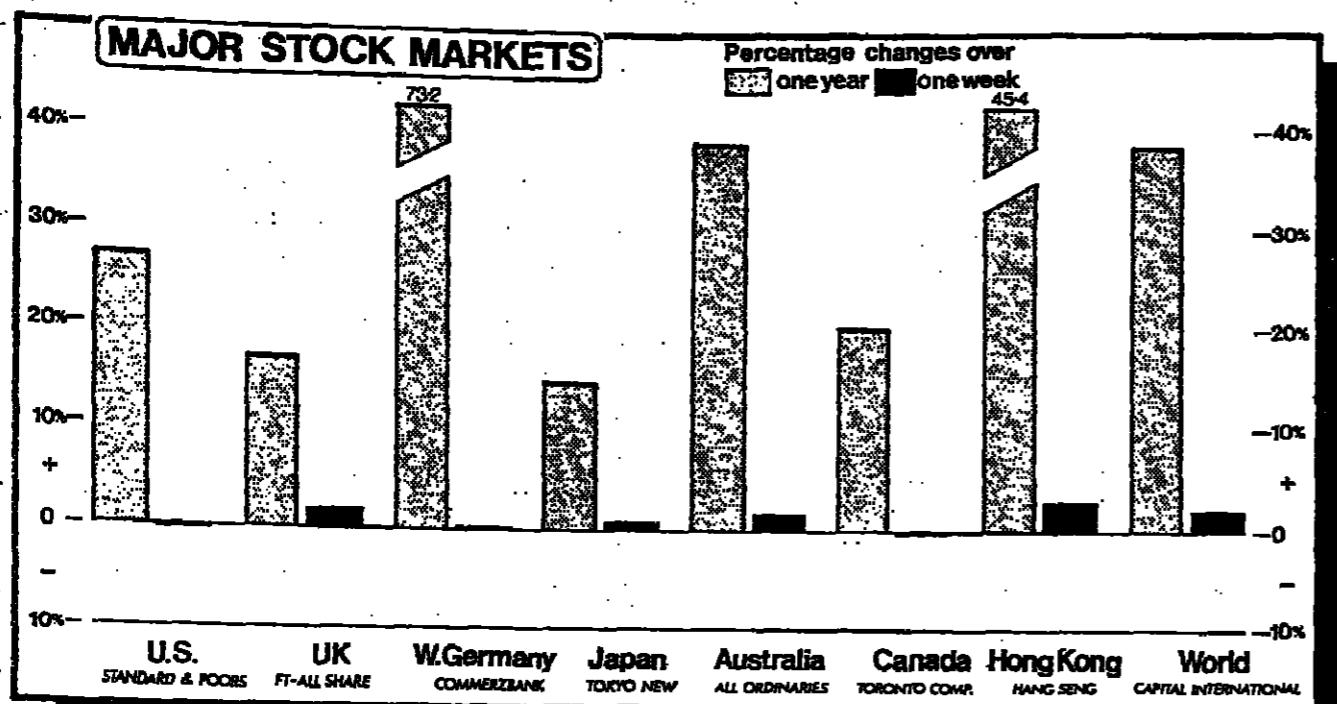
HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1985/6 High	1985/6 Low	
F.T. Ordinary Index	1,149.6	+26.3	1,149.6	911.0	Encouraging views on prospects
Absey Life	216	+27	250	184	New Year tip/Citicorp bid rumours
Appledore (A. & P.)	380	+35	370	36	Property redevelopment hopes
Eitan	218	+15	233	128	Takeover speculation
First Nat. Fin. Corp.	170	+11	180	74	Prelim. results due on Monday
Fisher (A.)	164	+13	164	92	New Year recommendation
Hawker Siddeley	465	+14	465	360	Revived demand
Heimes & Merchant	435	+53	443	310	New Year recommendation
Lucas Inds.	508	+28	505	227	New Year recommendation
Macarthur's Pharm.	277	+25	283	146	Partial takeover bid
Metal Box	550	+32	551	375	Broker's recommendation
Pifco A	193	+53	203	130	New Year recommendation
Pyle Hedges	425	+50	425	276	Hopes of fresh bid developments
RMC	482	-10	505	344	Adverse Press comment
Rank Organisation	453	+31	454	286	Persistent demand
RHM	171	+7	187	123	Chapman's annual review
Unigate	227	+10	228	141	Takeover speculation
Wassall (J.W.)	57	+12	73	45	New Year recommendation
Wedgwood	252	+18	260	182	Revived bid speculation
World of Leather	178	+18	188	148	Persistent demand

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND DEALS

Company bid for	Value of share* price**	Market price before bid fm's**	Value of bid fm's**	Bidder
Blundell-Pringine	200*	192	146	Reed Int'l
Business Compr	271*	23	20	Electronic Data
Charterhouse Pets	112,113	105	66	Petrofina
Clay (Richard)*	230	223	164	20.36
Cole Group	3353	325	54†	Queen's Coat Arms
Dean Pk. Hotels*	651	551	102	Brenner
Dew (George)	961*	102	7.65	Argyll Group
Diageo	555*	495	510	Morgan Crucible
First Castle Elec	151*	158	43.33	Beazer (C. H.)
French Kite	228	267	224	11.78



Unravelling the Nakasone Knot

THE END of the year on the Tokyo Stock Exchange was something of a dud.

For more than a decade year-end rallies have been as much a part of the landscape as cherry blossoms in the spring and, initially, the signs were bad this time. The second week of December saw the Nikkei Stock Average up 320 points, with December 16 providing an all-time high of 13,183. But the last 10 days were dull, with the market trading off for its weekly close. New Year holiday is a subdued mood and the index is at least consistent.

It has been something of a dull year for the Tokyo bourse. In local currency terms, the exchange has advanced by about 13 per cent in 1985, while New York has surged by 28 per cent, West Germany by more than 60 per cent, and even London by 15 per cent. The lack of a sustained New Year rally, then, is at least consistent.

As usual, there are as many explanations for Tokyo's lack-lustre performance as there are experts on Japan. Some, of course, insist that any market on a rating of 32 times historic earnings and a yield of 0.8 per

cent is too high, anyway. But those people miss an awful lot of excitement when they sell a share at 50 times earnings and it goes up to 250 times earnings — common event in the land of capital gains. (Dividend income is taxed heavily in Japan.)

Others describe the problem as the Nakasone Knot: Japan's Prime Minister is under heavy pressure from outside the country to keep the yen strong and increase domestic spending, while, domestically, he is under pressure to reduce Japan's huge budget deficit.

"It would take someone who is more than merely mortal to do all that," one broker commented dryly last week. So far, the 1986 budget gives little away and most Japan-watchers are still waiting to learn how Nakasone will untangle himself from these problems.

Meantime, a number of stocks do continue to outperform the rest, willy-nilly. Blue chips have bounced back from their summer blues, with improvements of some 40 per cent in share prices. Most, though, believe the improvements have run their course with Hitachi, for example, not likely to sustain its Christmas high of Y1783. The stock closed Y10

lower at Y780 as the New Year holiday began.

Tokyo Electric Power seems to know no ceiling, hitting another all-time high last week of Y2,930 before settling back at Y2,890. Most of the electric power companies have announced large capital investment programmes, thanks mainly to new government

incentives. Tokyo Electric's rise has brought along Kaneko, an electrical engineering company which depends on Tokyo Electric for half of its sales. It hit an all-time high last week of Y3,120.

The hope of increased domestic spending is still firing a variety of real estate, warehouse and railway stocks. Korakuken, a major operator of amusement parks believed to be rich in hidden real estate assets, hit a peak of Y819 last week; in March, the stock was trading at around Y400. Now on a historic pe of 71, however, Korakuken would probably have to discover a cure for AIDS to go much higher.

Technology, of course, con-

tinues to be another area of activity. The new generation of "smart" cards is putting life into stocks like Dai Nippon Printing and Toppan Printing. The latter, at around Y1040 and a pe of 27, is considered to be among the leaders in this growing area of consumer electronics.

With the market closed until

January 6, then, so much for the Year of the Ox. The New Year of the Tiger does not look like opening with great promise. Economic growth in Japan is sloping down to under 3 per cent; the strong yen will hurt many exporters; corporate profits are not expected to do much better than inflation; and the political scene is murky, with Nakasone's continued leadership of his party in doubt depending on whether he runs for another term of office.

"I would be worried if the

market doesn't pick up substantially by March," said one foreign broker in Tokyo. "If it doesn't pick up by then, it

won't."

Emphatic words considering that the Tokyo market continues to confound even its most ardent admirers. But, then, that's half the fun.

Carla Rapoport

Rate cut hopes spur optimism

fiscal second quarter, a slight improvement over its fiscal first quarter deficit but still indicative of the severe price competition and weak demand for chips. National Semi said it had detected signs of some market improvement but warned that this was "just the beginning."

Csx, the US railroad and materials group, reported a \$118m fourth quarter and \$440m full year net loss, mainly reflecting a \$954m pre-tax restructuring charge; but said that excluding this charge and an accounting change, fourth-quarter earnings increased a sparkling 88 per cent despite slightly lower revenues.

The merger boom which dominated the US equities market last year got off to an early start in 1986 with Occidental Petroleum arriving as a "white knight" to the rescue of

MidCon, the US energy pipeline co, on New Year's Day with a two-step \$8bn cash and paper agreed bid.

While Wall Street expressed mixed views about the proposed merger—with some

Wall Street

analysts suggesting it will increase Occidental's debt burden while leaving the Los Angeles oil group vulnerable prices—the bid appeared to deliver a knock-out blow to WB Partners' hostile takeover attempt for MidCon. Early yesterday WB Partners terminated its tender offer for MidCon shares.

In the meantime, the bid battle for beleaguered Union Carbide heated up with GAF

sweetening its bid for the US chemical giant for a second time by \$4 a share to \$78 a share, or a total of about \$5.5bn. But Carbide counterattacked.

After winning a court victory earlier in the week, when a Federal judge approved Carbide's initial anti-takeover defences the group unveiled a new package of wide-ranging defensive manoeuvres, including plans to sell its consumer products businesses for \$2bn or more and distribute the proceeds to shareholders.

In addition, Carbide increased its "poison pill" issue share buyback proposals to cover 55 per cent of its outstanding stock. Carbide had earlier proposed acquiring 25 per cent of its stock for a package of cash and paper valued at \$85 a share—an offer which, the group said, had been substantially oversubscribed.

Union Carbide's shares jumped on the news while GAF's stock slumped, reflecting Wall Street's belief that GAF would have to increase its bid further to stay in the takeover game. MONDAY 1558.46 + 7.36 TUESDAY 1546.67 - 3.79 WEDNESDAY market closed THURSDAY 1537.73 - 8.94

Paul Taylor

of valuation on properties of up to £30,000. On properties in the £50,000 to £145,000 range it will lend either up to 90 per cent of valuation or £47,500, which ever is the higher, and up to £135,000 on properties valued at £145,000 and over. For mortgages of up to £100,000 Cannon will lend up to three times the applicant's salary plus one times the other income. On larger mortgages income multiples are determined on an individual basis.

What is it about Yorkshire that accounts for this performance? Well, it may be just the predominance of companies in the textiles and engineering sectors, which have done well in the periods chosen by Yorkshire Trust. These two sectors together account for nearly a third of the whole Yorkshire index.

White rose enthusiasts will not be put off by this, from buying units in the new fund; these are priced at £1 until January 23. The initial estimated yield is 3.5 per cent and the annual charge is 0.75 per cent.

However, the relaunched company will offer a variety of new services, including a "chain-breaking" scheme. For homeowners whose purchase awaits the sale of their own house, PPS will guarantee the sale so long as certain conditions are met. PPS will also have a specialist mortgage advice centre at all its major offices, and through a link with Abels, a removal company, will also help its customers move home if requested.

Charity begins with sifting out

SIFTING through the mass of financial literature to pick out the best and most impartial can be a daunting task. A new charitable organisation has been set up to do this, and to act as an information resource centre in the field of financial management.

The Money Management Council has as its formal aim "to advance the education of the public in the efficient management of their own personal financial affairs." It

plans to provide educational material for schools and colleges and may produce its own booklets and videos.

Citizens' Advice Bureau around the country report increasing numbers of people getting into debt. The Money Management Council hopes to provide preventative medicine.

Chaired by Mr Edgar Palamountain of the Wilder Share Ownership Council, its directors include Mr Mark St Giles, chairman of the National Association of Security Dealers and Investment Managers. The Council is now looking for a director general.

White rose enthusiasts will

not be put off by this, from buying units in the new fund; these are priced at £1 until January 23. The initial estimated yield is 3.5 per cent and the annual charge is 0.75 per cent.

Day to day investment

management will be carried out by the Huddersfield stockbroker Battye, Wimpenny & Dawson. The financial services group Lancashire and Yorkshire Investment has taken a 25 per cent stake in Battye, Wimpenny, but the managers say a competing Lancashire unit trust is not on the cards.

The services of the world's first banking ombudsman, entirely free, will cover all personal banking services apart from those provided by travel agents, estate agents and finance houses. Commercial decisions relating to lending will also be excluded so there is no point complaining to the ombudsman if you have had your request for an overdraft or personal loan turned down. In addition cases should not be referred to him until existing procedures for dealing with complaints have been exhausted.

The ombudsman then has

the power to make an award of up to £50,000 against a bank. This is binding on a bank but if customers reject

IT WAS a fairly sombre New

gathering at Woking. Christmas

seemed to have cost a lot more

than last year in spite of low

inflation.

So it was no surprise when

the conversation round the din-

er table turned towards money

— or rather the lack of it.

David Chester set the ball

rolling. "I don't know about

the rest of you," he said to his

fellows guests. "But 1986 looks

like starting on a difficult note.

Elaine went a bit mad on pre-

sents this Christmas and now I'm faced with paying extra

school fees for Stephen. Not

much hope of a decent rise for

the moment, at least with the

stronger pound making it tough

work selling engineering equip-

ment abroad. I suppose I'll

have to borrow some money to tide us over."

He turned to his brother-in-

law. "You're in the City, Bern-

ard. Interest rates seem to

have come down a bit, despite

all the moaning by the CBI.

Where is the cheapest place to

borrow these days?"

Bernard was cautious. He

didn't like to admit that he

dealt solely with corporate

business, lending businesses

money, and he was a bit hazy

about personal finance. "Well,

I suppose the cheapest way to

borrow is still by an overdraft.

But it depends on how much

you want, over how long a

period, and for what purpose

you want to borrow the money.

Also, on how well you get on

with your bank manager, and

your general financial standing.

"I'm not so sure," interposed

Robert, who, as an invest-

ment adviser, was nettled by

Bernard's question first.

"The problem these days is

that the banks, for all their

so-called 'free' ser-

vices, are charging the earth if

you have an overdraft.

"It depends on how much

you use the bank for cheques

and standing orders. But at

something like 25 times a year

that can add a tidy sum to the

interest rate you're paying on an

overdraft. Say you average 10

transactions a month, which is

quite small; you will be paying

an extra £20 monthly or £30

a year even if you have an

overdraft of only £100. That's

in addition to the interest,

which can vary between 2 per

cent above base rate—11.5 per

cent in this case—and 15.5 per

cent with various charges taken

into account the APR works

out at 16.9 per cent over 25

years, but rises to 21 per cent

for a 10-year repayment."

"The Skipton Building Society

has gone even further. It only

charges 1 per cent above its

base rate, also 12.75 per cent,

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FINANCE & THE FAMILY



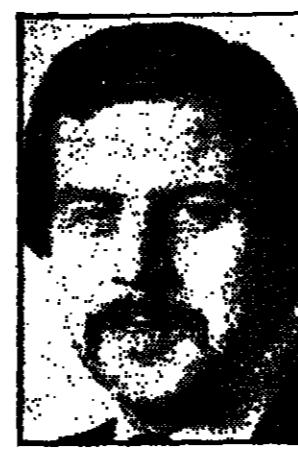
John Hodson



Richard Bernays



Chris Tracey



Trevor Pullen



Harry Littlefair



Peter Scott



David Glasgow



Ian Sampson

Fund managers' forecasts for 1986

JOHN HODSON, investment director of Target, is cautious about the UK and nervous about the reliance on companies that depend on consumer demand. "I am happier about America: 'I don't know the duration of the run, but at the moment it has a good head of steam.' In the Far East only Japan looks attractive, and Hodson will be concentrating on stocks closer to home. Europe is more of a problem. "Instinctively I'm wary of somewhere where so much money has been made so quickly," he says, but he is keen on France's prospects. Hodson is bearish on sterling, and happy to be exposed to the yen and the Deutsche Mark.

"We are still quite bullish of stock markets generally," says Richard Bernays, chairman of Mercury Fund Managers, "and our favourite is still Continental Europe." He believes there has been a fundamental change in European stock markets through the emergence of the domestic investor, which is backing up the cyclical upturn in their economies.

He is also positive about the US, where he sees increasing price/earnings multiples on top of good earnings growth, and demand for shares from private investors who are moving out of money funds. Bernays is more hesitant about the UK, but feels that a lead from the gilts market could help equities make further advances.

The US market has the best potential, according to Chris Tracey, investment director of Save & Prosper, but he is slightly concerned that it has run up so fast in the short term. If the oil price falls, that will be good for inflation; but if the oil price rises, then there is a risk of a bank collapse, which might rock the stock market. He continues to like the UK, although less enthusiastically than last year, but thinks European markets are overextended.

If the foreign investor comes out, I don't think the locals will take up the slack," Tracey is intrigued by oils and technology — both depressed, but with the potential to make a comeback.

Trevor Pullen, investments director at the Prudential, favours Germany, Holland and Switzerland. "We can see better intrinsic value in Europe than in other markets," he says. In the UK he expects more strength until the Budget, but political fears and cash needs for new share issues could weaken the stock market after that.

Pullen feels that gilts have a better base to show a good return this year, with inflation coming down to 3 per cent during the year and interest rates easing down worldwide. He is not too twitchy about the oil price or the exchange rate, but expects the pound to come down against the Deutsche Mark and the yen.

A mundane year is forecast by Harry Littlefair, investment director of Allied Dunbar, with the UK and US likely to be the best of the major world stock markets. He sees a modest potential for London, with the Budget, but political fears and cash needs for new share issues could weaken the stock market after that.

In the US he expects a resumption of earnings growth of 5 to 10 per cent, and generally less movement in share prices in line with the fall in inflation. Littlefair forecasts a positive return from gilts with yields rising in real terms. Oil will have a poor year, however, and the outlook for gold is still uncertain.

The US is the first choice

of Peter Scott, investment strategist at Gartmore. He thinks the market is still cheap, in spite of the recent upturn, and expects profits growth and a sharp recovery in some of the bombed out shares with attractive ratings that can be found in abundance. Scott is not bearish about the UK, but thinks it is unlikely to match the outstanding performance achieved in the year up to the end of November.

He does not anticipate any continued rise in the value of sterling, except to a small extent against the dollar, so returns from international markets should generally be better for UK investors.

David Glasgow, managing

director of Abbey Unit Trust Managers, favours equities worldwide, with more growth to come while inflation remains low and real interest rates are high. He still picks Europe, and Germany in particular.

Price/earnings ratios in domestic currency terms are still very reasonable by comparison with Japan. Glasgow also sees a potential rise in the value of the Deutsche Mark as a plus factor. The outlook in the UK is reasonable, but with the risk of further decline in oil prices and of political uncertainty. Investment cash flow will favour a further rise, with new funds likely to exceed the supply of new equity.

"We still like the major

European economies," says Ian Sampson, managing director of Schroder Unit Trust Managers. He also finds the American market attractive. Sampson believes that the US dollar is likely to strengthen against the pound, which is now overvalued, so the sterling-based investor stands to make good gains from investment in the US.

If the Singapore market continues to fall much further after its catastrophic closure in December, it might be a good place to put some "fun money" that it wouldn't do investors too much harm to lose. Hong Kong might offer the same sort of opportunity for punters only.

George Graham

Pensions

Mobile confusion

THIS YEAR sees the start of a new pensions deal for employees who change jobs. For nearly five years, the Government discussed the problem with the pensions industry before bringing in the 1985 Social Security Act. The provisions of this legislation came into force at the beginning of this year.

Now employees changing jobs have a choice over how to maintain the pension rights accrued with their old employer.

Individual employees' benefit rights are complicated, depending on a combination of the rules of the scheme they are in and pensions legislation. Employees with short service are usually entitled to a refund of their pension contribution

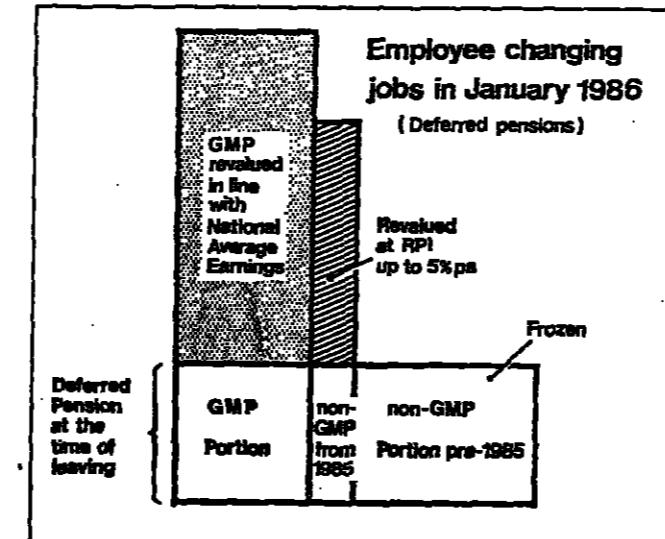
length of service and salary at the time of leaving, and is paid when the ex-employee reaches the pension age under the scheme.

So an employee earning £20,000 leaving an employer after 15 years in a scheme which pays pensions at 65 for men at the rate of 1/60th of final salary for each year of service would have a deferred pension of £5,000 (15/60 x £20,000) payable when he reaches age 65.

But what about the effect of inflation on this pension? Full-time service employees have fully protected deferred pensions. But it was the lack of inflation-proofing of deferred pensions in the private sector that led to the problem of the past five years and resulted in pension schemes being accused of cheating ex-employees out of their pension rights.

However, the solution to the problem as laid down in the 1985 Act will be virtually incomprehensible to the average employee. It has to be taken in stages.

Part of this deferred pension represents the Guaranteed Minimum Pension (GMP) liability. This is the equivalent of the earnings-related pension that would have been provided by the State Earnings-Related



Pension Scheme. The GMP is effectively revalued in April each year in line with national average earnings up to retirement, and by the Retail Price Index thereafter, and is thus fully inflation proofed.

Now consider the remaining part of the deferred pension. This is split into two parts, pension rights accrued before January 1, 1985 and those accrued after that date.

Pension rights accrued from 1985 — completed years only — will be revalued in line with the Retail Price Index up to a maximum of 5 per cent a year. However the revaluation is made at the time of retirement and is based on the RPI or 5 per cent a year over the period from leaving the retirement.

Eric Short

There is no obligation for pension rights earned before 1985 to be revalued. This is entirely up to the individual company schemes.

Under the disclosure requirements in the 1985 Act, an employee changing jobs has to be provided with a statement of the benefits available to him or her.

The graph shows the position clearly. But one feature is obvious. In spite of the claims of Norman Fowler, Social Services Secretary, of a new deal for job changers, the proposals will not become effective in solving the problem until the next century.

Eric Short

The four reserves in a business team

Understanding Reports and Accounts

This advertisement is issued in compliance with the Regulations of The Stock Exchange.

Taxation

When 'tax-free' is trouble for those working abroad

"TAX-FREE" are the magic words which accompany many advertisements for jobs abroad. However, these words must always be treated with caution. The income may be tax free in a country abroad, but there are many unexpected happenings which may cause UK tax to be payable.

Anyone taking a job abroad for more than 365 days would be prudent. During the first year, to put aside a portion of his income in case liability to UK tax arises. Unfortunately, it is not only taxation which requires careful thought. Some other matters can be even more disastrous. Here are two real-life examples.

David was an engineer, unmarried. He decided to try a job overseas attracted by the high salary and the chance of doing something different. He took a year's contract to go to the Middle East: £12,000 tax-free, with free accommodation and keep. His employers said that the "tax free" position occurred by no tax abroad on his salary and no tax in the UK because he would be out of the country for 365 days.

Leave was given locally in the Middle East. David found it uninteresting, and was anxious to get back home as soon as his contract expired. David's employer offered him a flight home on day 365 of his contract. The flight was via Paris; a direct flight was not available until four days later. David, eager to get home, accepted the flight to Paris. He was aware that he should have used the Paris changeover to delay his homecoming for a day, as his contract had not expired.

He thought it ridiculous to worry about one day, so when he arrived at Paris and was told that a connecting flight to Heathrow was available immediately he took the flight and landed in the UK just before midnight, not realising that for tax relief purposes a person is only considered absent from the UK if he is absent at the end of the day.

A few weeks later David commenced employment again in the UK and the tax office gave him a form to fill in, confirming that he had not been in Paris.

It is essential to be out of the UK at midnight on day 365.

(Some visits between day one and day 365 are permitted.)

Joe was technical manager of a specialist department of a UK construction company which had never operated outside of Britain. But it had agreed to supply the specialist services of Joe's department to an established Middle East company. It was arranged that Joe would take charge of the Middle East operation, the initial phase was expected to last about five years.

Joe and his wife were particularly keen to go to the Middle

East, they had a number of friends who worked there, enjoying high tax-free incomes, free living accommodation, and free children's education in a European community. Joe and his wife had one child.

With the building society's permission, Joe arranged to let his house, carefully instructing a competent solicitor to draw up a tight letting agreement with an American-owned company who wanted accommodation for a visiting executive for two years.

Neither Joe nor the director responsible for the proposed Middle East work had any experience of working abroad. Difficulties arose as soon as Joe and his family arrived. There was no accommodation immediately available for them, and they were forced to stay in a hotel. Further difficulties arose when Joe and his director met the representatives of the construction company; there were unforeseen problems of working arrangements which they were not able to resolve.

After two difficult and frustrating months, Joe and his family returned to the UK quite defeated—and with problems yet to be faced. Joe's solicitor had drawn up a solid contract for the letting of his house. The tenants' position was clear: they were to be in Joe's house for two years. Joe and his family had to find other accommodation. In addition Joe had to pay tax on the income from the lettings of his house and could get no relief for the expensive furnished property he had to rent for his family for the following 22 months.

R. B. Cannon

PREMIUM SHARE ACCOUNT NET RETURN 10% (PA)
GROSS EQUIVALENT 14.29% (for basic rate taxpayers)
General Portfolio

General Portfolio Life Insurance PLC
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This advertisement does not constitute an invitation to subscribe for shares.



City Fine Wine PLC

(Incorporated in England under the Companies Act 1963.
Registered No. 1944660)

OFFER FOR SUBSCRIPTION

under the terms of the

BUSINESS EXPANSION SCHEME

of up to 500,000 Ordinary Shares of £1.00 each at £1.50 per share payable in full on application

The Company is trading in High Class Bordeaux, Fine Burgundy and Vintage Port.

The subscription list is now open and will close not later than 3.00 p.m. on 14th January 1986 unless extended before that date.

Copies of the Prospectus, together with an Application Form, may be obtained from:

The Secretary
City Fine Wine PLC
Salisbury House, London Wall, London EC2M 5QU
Telephone No: 01-588 3541 Telex No: 888080

Can Europe catch up?



A bound reprint of a series of articles "Can Europe catch up?" and "Towards a Free Trade Community" previously published in the Financial Times during 1985 — is now available price £4.95 including postage and packing.

To place your order please send a cheque (payable to Financial Times Ltd.) to:

Nicola Banham
Publicity Department
Financial Times
Bracken House, 10 Cannon Street
London EC4P 4BY

prove its worth, is to sell the property as a fixed asset to earn profit, it will not wish to sell it. For this reason, accountants are cautious about the revaluation of fixed assets.

The foreign currency reserve is similar. It represents the national profit made by holding a foreign currency and is converted to cash only when the company is trading and the gearing ratio of its competitors.

The fourth reserve is cash. When a company sells its own shares, it often disposes of them at a price greater than their nominal, or par, value. This is usually to reflect the trading price of the share. But rights issues, giving existing shareholders the right to subscribe to new shares at a favourable price, give a premium over the par value to the issuing company. That premium is taken to the share premium account and is one of the few reserves over which the law has some control.

Under the 1985 Companies Act, the share premium reserve cannot be used to pay dividends, but it can be used to finance the issue of free shares (scrip issues) to existing shareholders.

A highly geared company is one that has more borrowed than shareholders' funds; low gearing is where the shareholders are greater than the funds borrowed.

Shareholders' funds are made up of the share capital issued by the company, plus the reserves. Borrowed funds are

Jane Allan

listing for the bonds has been granted by the Council of The Stock Exchange. Particulars in relation to The Nationwide Building Society are available in the Excel Statistical Services. Copies may be collected from Companies Announcements Office, P.O. Box No. 119, The Stock Exchange, London EC2P 2BT until 7th January 1986 and until 20th January 1986 from:-

Fulton Packshaw Ltd.,
34-40 Ludgate Hill,
London EC4M 7JT

Laurie, Milbank & Co.,
Portland House,
72/73 Basinghall Street,
London EC2M 2PA

Rowe & Pitman,
1 Finsbury Avenue
London EC2M 2PA

4th January 1986

Nationwide Building Society
(Incorporated in England under the Building Societies Act 1874)

Placing of £20,000,000 12 per cent Bonds due 12th January 1987

This advertisement is issued in compliance with the Regulations of The Stock Exchange.

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(Incorporated in England under the Building Societies Act 1874)

Delay lawful if nobody objects

I was interested in the question "If answer under the heading 'Accounts are late' on December 30, I am the chairman of a limited company in the management block of flats of the same address. Normally the accounts sent out with the statutory notice of the annual meeting for this year were delayed and could not be circulated until two days before the meeting. At the meeting one shareholder argued that the late circulation of the accounts was contrary to the Companies Acts, the precise provision contravened not being stated. I was advised by the then company secretary, a representative of managing agents who have since been replaced, that late circulation of the accounts was permissible provided that no shareholder objected. I was further advised that, as objection had been taken, I should proceed with the remainder of the agenda but adjourn the discussion of the accounts to a re-convened meeting at a later date. This I did.

I now infer from your reply that both the individual shareholder and the company secretary were wrong in their respective statement. I should very much welcome your comments.

We read the question as being directed to whether accounts needed to be sent with the notice convening the meeting, which is not the case. Section 240 of the Companies Act 1985 requires a copy of the accounts to be sent to each member not less than 21 days before the end of the meeting at which they are to be laid, thus enabling an adjournment of the meeting to cure the potential defect if accounts are circulated less than 21 days before the date for which the meeting is called. Hence both the shareholder and the company secretary were correct in what they said.

Two bites of the cherry

Back in June 1982, my wife and I entrusted a large sum of money to a building society. The investment (joint) was spread over five years, to expire in June 1987. The interest return on this investment has never been satisfactory! And, in this year in particular, it went from bad to worse! So much so, in fact, that we decided that enough was enough! And that we would withdraw the money! Now, however, we find that withdrawal is subject to two clauses: clause (a) 90 days notice (fair enough!) and clause (b) imposing a 90 day penalty, because of early withdrawal!

These clauses, which are so heavily loaded in favour of the society, strike us as giving it two bites of the cherry! We are willing to abide by clause (a), but clause (b) is viciously greedy! As clause (b) is going to cost us £1,000 (approximately), naturally we are very angry!

Can anything be done to save the loss of this £1,000?

There is no redress open to you in law, since you contracted to leave the sum invested for five years or to accept the penalties if you withdrew the investment before the expiry of the five-year period. We suggest that you write to the board of the society and point out the unduly heavy penalty which will be imposed on you and invite the society to waive the interest penalty.

Possible breach of trust

If the managers of a unit trust ignore the provisions of the trust deed and grant partial rebates of the animal fee to certain holders of units, then classify these rebates as "administrative costs" and finally invoke the increase in these costs and consequent lack of profits to persuade unit-holders to vote for unit-holders to have the voting declared null and void?

If the facts can be proved to be as you state the remedy of the unit-holder would be to commence proceedings in the Chancery Division of the High Court for a declaration that the matters complained of are in breach of trust and for directions that the trustees make good all losses to the trust fund out of their own pockets.

Brewery landlord need not sell

My parents have been tenants by way of, initially, employment and then, retirement, of a house owned by a large brewing company, for more than 40 years.

As the brewery decided to increase the rent after 22 years, I offered to purchase the property to ensure that my parents did not have any further shocks as they got even older. The company has in effect refused to sell. Is there any way that I can get it to change its mind?

There is no way that you can require the landlords to sell the reversion to their tenants.

Penalties for late transfers

I was a member of my previous company's pension scheme which I am told by the broker concerned has amassed a sum of money in the region of £30,000. I left the construction company in December 1984 and the company went into receivership in February this year.

I formed a limited company and contracted the broker dealing with the pension scheme to have the pension transferred to my new company along with the lump sum. I have since January this year been

attempting to get the new pension scheme running. I am able to obtain a loan-back from the scheme and without this my company's present cash flow is severely affected and consequently not trading at the level I anticipated.

The broker is blaming the receiver for holding up the transfer, the receiver is blaming the insurance company and I am getting the run around from all concerned.

Is there any professional body I can approach in an attempt to release the cash in the fund?

Regulations have just been issued under the provisions of the 1985 Social Security Act providing for penalties for late payment of transfer values in respect of employees who leave service after January 1 1986. Unfortunately this legislation will be of no benefit to you.

Your only remedy is against the trustees of the construction company pension scheme, of which you were a member, if you could prove that they were acting unreasonably or negligently.

A trust fund which constitutes the asset of a pension scheme exists independently of the company establishing the scheme and therefore the receiver for the construction company should not be involved unless the company owned money (possibly a combination of employee and employer contributions) to the scheme at the date the company went into receivership.

From what you say it would appear that the trustees have re-insured all or part of their liability with an insurance company. The insurance company should pay the transfer value to the trustees, who would then pay it to your new scheme as agent for the trustees. It is possible that the insurance company has delayed payment in the hope of recovering arrears of premium from the receiver. The answer is to try to persuade the insurance company to pay a partial transfer with any balance later on otherwise you could wait for years for any payment at all. You should ask the broker for the name of the insurance company and write personally to the chief general manager.

You should also point out the names and addresses of the trustees either from the broker or from the insurance company or from the receiver and write to each of them.

There could be a problem if the insurance company has made your former employer the sole trustee of its pension scheme. Many insurance companies have done this in the hope of cutting their administrative costs, but it has obvious snags when a company goes into liquidation, as you can see. Even so the receiver, if he is now acting for the company, should treat trust money quite separately from ordinary money. This does not represent part of the assets of the company. Delay could occur where the receiver is so weighed down dealing with the rest of the paperwork of winding up the company that the pension scheme gets overlooked.

BUSINESS EXPANSION SCHEME

Your fifth opportunity to invest with the leader

Lazard Brothers have launched their Fifth Development Capital Fund — the final fund in the 85/86 tax year — to enable investors to take advantage of further investment opportunities.

The Fund's investment policy and the tax concessions of the BES together provide an outstanding investment opportunity for higher rate tax payers.

Three of the four previous Lazard

Development Capital Funds have been oversubscribed and if you intend to invest in the Fifth BES Fund during this tax year you should act without delay to avoid disappointment.

Total funds raised by Lazard Brothers under the BES now exceed £14 million — the largest amount by any manager of Approved BES Funds — and investments have been made in 30 companies.

- THE ADVANTAGES OF INVESTING IN THE LAZARD DEVELOPMENT CAPITAL FUNDS ARE:
- 1. The continuing flow of high quality investment proposals received by the managers
- 2. The ability of the managers to select investments considered to possess both growth potential and security
- 3. The commercial experience of the managers
- 4. The managers' involvement in monitoring companies which is designed to reduce the risk of losses
- 5. The well balanced spread of investments
- 6. Long-term plans for realisation of investments

The minimum subscription level has now been exceeded. The application list may be closed at any time, up to and including 15 January 1986, at the managers' discretion.

Lazard Brothers & Co., Limited

For a copy of the memorandum, on the basis of which alone applications can be made, please telephone Jane Lamont on 01-588 2721 or send this coupon to 21 Moorfields, London EC2P 2HT.

Investment in unquoted companies carries higher risks as well as the chance of higher rewards.

The minimum subscription is £2,000 and the maximum subscription is £40,000.

To: Jane Lamont, Lazard Brothers & Co., Limited, 21 Moorfields, London EC2P 2HT.
Please send me a Memorandum on The Fifth Lazard Development Capital Fund.
Name _____
Address _____
Postcode _____

OFFER CLOSES LATEST JANUARY 15

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Ski insurance

Misery money on a sliding scale

ANYONE setting off for the ski slopes this winter will undoubtedly have spent a good deal of time and money fixing themselves up with appropriate skiing gear. But how much thought will they have given to insuring themselves against all the hazards of the piste?

It is clearly foolhardy for anyone to venture on a skiing holiday without insurance cover. But factors peculiar to this type of holiday make it far more complicated. Given that 99 per cent of those booking a skiing holiday through tour operators will use schemes which the operation offers it is vital to establish just what the insurance covers and, if there are deficiencies, to look at an alternative policy.

Although it is popularly assumed that broken limbs, which the Ski Club of Great Britain recommends and is widely used by "serious" or racing skiers, is by far the largest operator in the individual or "retail" market and is also used by 30 or more tour operators.

When seeking out ski insurance there are several aspects of cover to be evaluated:

Medical expenses: Given that ski insurance policies do not include UK expenses the level of cover offered under many schemes is far in excess of what is actually needed for medical treatment in Europe. Experts in the field reckon that cover of up to £50,000 is more than enough. But ABTA's scheme, up to £100,000, and Barclays up to £50,000.

You need only a minimum cover of £13,000 for skiing holidays in the European Community but you will need a much higher cover if you plan to go skiing outside the EEC, and that includes Switzerland.

The recommended minimum is £100,000, and more like £250,000, if you plan to go skiing in the Rockies or elsewhere in the US.

Most schemes will not cover you for any form of racing so beware of participating in what may seem a tame event on the nursery slopes if it could in any way be classified as a race.

Check that the insurance covers the expense of various rescue services, including "bloodwagon" (rescue sledges), helicopter, air ambulance.

ski though you can only buy skis in pairs! Some schemes will not cover damage to hired skis though this may be covered through the hiring company.

Personal liability: Covers you against legal liability to other people if you cause an accident; £500,000 is a fairly standard level of cover.

Personal baggage: Cover varies from £750 to £1,500 but there are often ceilings of £200 for any single item and on personal cash.

Delayed departure: Most schemes will pay you "misery money" on a sliding scale if your return flight is delayed by more than 12 hours, usually up to a maximum of £80. Douglas Cox Tyrone also covers you for additional expenses from an "interruption" such as an avalanche, road blockage or other such hazard.

It is clearly important to take a close look at the ski insurance schemes on offer and worth shopping around on price as the accompanying table shows. Some schemes throw in extras and there are often cheap packages for families.

American Express cardholders who take at least one other holiday a year will find the Centurion Assistance scheme is a good buy at an annual premium of £45 a year.

NatWest, making its debut in this specific market, is undercutting most other schemes, at least for this season. The premium for an adult is only £16.95 for up to 10 days and £19.85 for up to 15 days. For this you get medical expenses cover of up to £250,000, personal accident up to £25,000, baggage cover up to £1,000, cover against ski loss or breakage (as well as the cost of hiring skis) up to £60, replacing lost or damaged skis, and up to £75 for the loss through injury or illness of pre-booked costs of one.

Margaret Hughes

THE SCIMITAR GLOBAL GROWTH TRUST

When you're investing for international growth, an international perspective gives you the edge.

Finding an international growth trust that promises you the earth isn't difficult.

Finding one that delivers, is.

Successful international investment isn't as simple as some people seem to think. It demands more than just good intentions and impressive promises — it calls for on-the-spot contacts in the world's most important financial centres, round-the-clock market information and the ability to recognise and grasp the best opportunities as they arise.

It calls for the breadth of international contacts and the depth of worldwide resources that the new Global Growth Trust from Scimitar offers.

There's nothing dramatically different about the aim of the trust: to achieve high and increasing capital growth by investing in a carefully-selected portfolio of top-performing international stocks and shares.

So what makes it so special?

Scimitar does.

As the new investment management division of The Standard Chartered Group, Scimitar is backed by the experience and expertise of one of the largest, most successful and broad-based financial institutions in the world — with

access to a global network of resources other unit trust managers dream about.

Scimitar has also managed to attract some of the most talented and respected professionals in the business to its fund management team — and the result is an opportunity that no serious investor can afford to ignore.

In a unit trust the price of units can go down as well as up. But with Scimitar's contacts, experience and outlook behind you, investing in the Scimitar Global Growth Trust could prove to be one of the most profitable moves you've ever made.

Sharpen up your investment prospects today — complete and return the coupon now.

General Information

Contract notes will be issued by return. Certificates will be issued approximately 4 weeks later. After 17th January 1986, the daily prices and yield will be published in leading national newspapers. Managers Scimitar Asset Management Limited, trustee The Royal Bank of Scotland plc.

Charges An initial charge of 3% is included in the Offer Price of the units, thereafter 1% per annum (+ VAT) of the funds value will be deducted from the Trusts income. The Trust deed allows for a maximum charge of 2% per annum; the managers will give unit holders at least three months written notice of any change.

Selling Units may be sold back on any business day at the bid price ruling on receipt of instructions. A charge for payment will normally be sent within 7 days of receipt of a remitted certificate. Commissions payable to intermediaries. Rates available on request. Income Distributions will be made on 30th June and 31st December. Investments made now will qualify for the first distribution on 30th June 1986.

Registered Office 33-35 Gracechurch Street, London EC3V 0AX.

Authorised by the Department of Trade and Industry.

Member of The National Association of Securities Dealers and Investment Managers.

LAUNCH DISCOUNT

We wish to invest £ (minimum investment £500) in the Scimitar Global Growth Trust income/accumulation units* at the launch price of 25p per unit, which will include a bonus of 1% extra units for the launch period, which runs from 28th December 1985 until 17th January 1986. Please make cheques payable to Scimitar Asset Management Limited.

Post to: Scimitar Asset Management Limited, FREEPOST, London EC3B 3AD. Telephone: 01-523 5776/5763. The offer is not available to residents of the Republic of Ireland. Details of all applicants.

BLOCK LETTER PLEASE

Surname: Mr/Mrs/Miss _____

First name: (in full) _____

Address: (in full) _____

Date: _____

Signature(s): _____

F13

I am/we are over 18. In the case of joint applicants, all must sign and attach names and addresses separately. For details of the Scimitar Share Exchange Scheme, please tick:

*Delete as appropriate. Holders of income units will receive twice yearly payments. Holders of accumulation units will have their income reduced if their unit preference is indicated, accumulation units will automatically be issued.

SCIMITAR HAS THE EDGE
Scimitar Asset Management Limited
Standard Chartered

Retirement needs are not identical

THERE IS a shortage of retirement homes in Cheshire, Newcastle, Norfolk and Lincoln. So say the directors of Sheltered Housing Services, the first estate agency to specialise in selling only retirement homes.

Most in demand are homes along the south coast, in the southern counties, the Midlands, and London. The price spread is £20,000 to £120,000, with £30,000 to £40,000 the most flourishing sector. Some 20 sales have already been agreed.

Given the size of the market — the population now over 55 years old is nearly 12.5m — it is surprising that no centralised estate agency has emerged before.

It costs a prospective buyer nothing to send for an information package to Sheltered Housing Services, 5 Abbey Parade, North Circular Road, London, W5. (01-977 9313.)

Elderly Accommodation Counsel (EAC), started last year, is at 1 Durward House, 31 Kensington Court, W8 (01-937 8705). It is a registered charity which sees itself as back-up service; advice not only on retirement homes for sale and to rent, but nursing care and residential homes.

Funds come from companies wanting help for their pensioners. Lloyds Bank and Consolidated Goldfields have taken the service, and Marks and Spencer is thinking about it.

Catering for people who have been used to a large house and garden, Retirement Properties



Walpole Court, Puddletown, Dorset, where the stable block of Islington House has been converted to cottages, bungalows and flats. Details from English Courtyard Association (01-937 4511)



Warleigh House, near Plymouth, Devon, a 15th century manor house in 18 acres, which has been converted to 16 retirement flats. Details from Strutt and Parker, Exeter (0392 215631)

of Bath is at 5 Trim Street, independent, with their own capital.

The chairman, Paul Perry, feels that the explosion in the sheltered housing market has been one of perception, rather than actuality catering to potential demand.

The inevitability of an increasing proportion of elderly in the population has been clear for a long time, and the growth of property ownership immediately after the war made it inevitable that a large proportion of those now in retirement 35 to 40 years later would be

At game all South dealt and bid one diamond, North said two clubs, South rebid two no trumps, and North's raise to three no trumps concluded the auction.

West led the heart four, East produced the King, and the Ace won. East was the danger hand, so the declarer led a low diamond, prepared to finesse against East, but West played the Queen. South stopped to count. The lead of the heart four, with the three and two visible on the table, indicated a four-card suit. With five spades West would have led that suit, so presumably he had four spades, and therefore four clubs.

In that case East could hold only one club, so the declarer played dummy's Ace of clubs. If West had the King, he was welcome to make it, but East must be kept out of the lead. South was rewarded for his excellent play by dropping East's singleton King, and he

made his contract with two overtricks.

My next example is from a big duplicate pairs of many years ago, in which I was playing:

N	
♦ K 9 4	
○ 10 5	
◊ Q 10 4	
♣ A Q J 6 5	
W	E
♦ Q 10 3	♦ 8 6 5
◊ Q J 8 2	◊ K 9 7 4
♣ A K 7 3	♦ J 6 5
♦ 7 2	♦ 9 8 3
S	
♦ A J 7 2	
◊ A 6 3	
♦ 8 9 2	
♣ K 10 4	

With neither side vulnerable, West dealt and bid one diamond — one heart is better — and after two passes I reopened with a double on the South cards. My partner said three clubs — he should have bid three no trumps to take the strain off me — but I shut my

attitude of some local

eyes, and bid the no trump

West led the two of hearts, and when East played the King, I could place most of the cards even at this early stage. West was marked with four hearts, and almost certainly with four diamonds to the Ace and King. East's pass of his partner's opening bid was significant — after showing up with the heart King, he could scarcely hold more than the diamond Knave. I held up my Ace until the third round, not to exhaust East of the suit, but to rectify the count for a possible squeeze, and then ran off the clubs. West discarded two diamonds and the heart Queen — the squeeze and endplay was marked. I cashed dummy's King of spades, then threw West in with a diamond. He made Ace and King, but then was forced to lead from his spade Queen into my tenace.

E. P. C. Cotter

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♣ A Q J 6 5	
W	E
♦ Q 10 3	♦ 8 6 5
◊ Q J 8 2	◊ K 9 7 4
♣ A K 7 3	♦ J 6 5
♦ 7 2	♦ 9 8 3
S	
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◊ A 6 3	
♦ 8 9 2	
♣ K 10 4	

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E. P. C. Cotter

At game all South dealt and bid one diamond, North said two clubs, South rebid two no trumps, and North's raise to three no trumps concluded the auction.

West led the heart four, East produced the King, and the Ace won. East was the danger hand, so the declarer led a low diamond, prepared to finesse against East, but West played the Queen. South stopped to count. The lead of the heart four, with the three and two visible on the table, indicated a four-card suit. With five spades West would have led that suit, so presumably he had four spades, and therefore four clubs.

In that case East could hold only one club, so the declarer played dummy's Ace of clubs.

If West had the King, he was welcome to make it, but East must be kept out of the lead.

South was rewarded for his excellent play by dropping East's singleton King, and he

made his contract with two overtricks.

My next example is from a big duplicate pairs of many years ago, in which I was playing:

N	
♦ K 9 4	
○ 10 5	
◊ Q 10 4	
♣ A Q J 6 5	
W	E
♦ Q 10 3	♦ 8 6 5
◊ Q J 8 2	◊ K 9 7 4
♣ A K 7 3	♦ J 6 5
♦ 7 2	♦ 9 8 3
S	
♦ A J 7 2	
◊ A 6 3	
♦ 8 9 2	
♣ K 10 4	

With neither side vulnerable, West dealt and bid one diamond — one heart is better — and after two passes I reopened with a double on the South cards. My partner said three clubs — he should have bid three no trumps to take the strain off me — but I shut my

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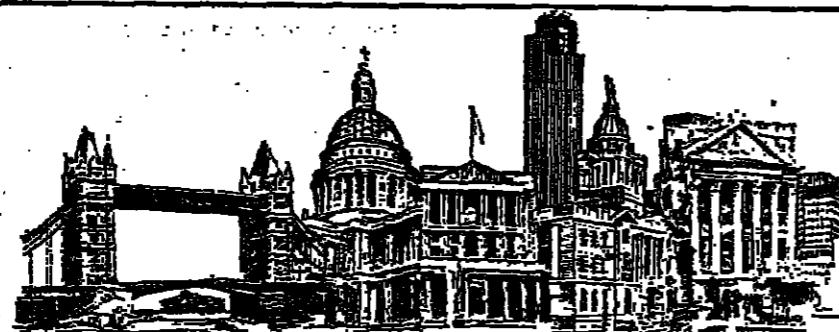
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27, 28 & 29 January 1986

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Mr Win Bischoff of Schroders, Dr Michael von Clemm of Credit Suisse First Boston, Mr Pen Kent of the Bank of England, Mr Christopher Johnson of Lloyds Bank, Mr John Heywood of Hambros Bank, Mr M J Boleat of the Building Societies' Association, Mr John Sillett of the Midland Bank Group and Mr Armen Kouyoumdjian of the International Mexican Bank are among the speakers. The Seminar is again to be chaired by Mr Marc Lee, Conference Adviser to the Financial Times.

Skinner's Hall provides an excellent location for this Seminar and the intensive format makes possible participation by many more executives from outside London and from abroad.

The FT-City Seminar

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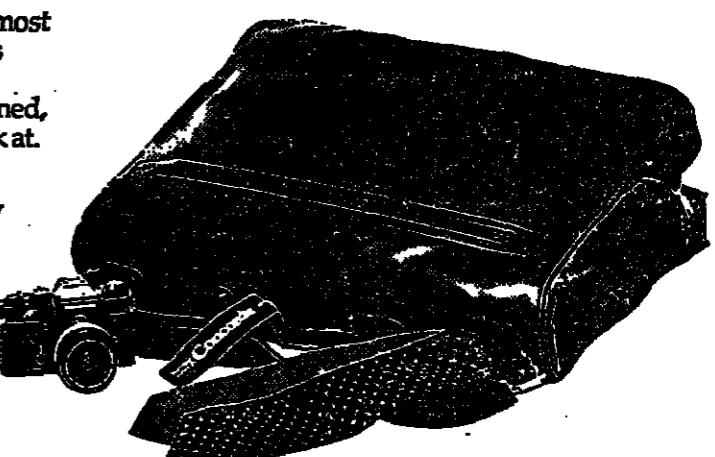
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WEEKEND FT REPORT

Boating Industry

THERE ARE many motivations for entering the boat industry, and making money rarely comes top of the list. Tradition, craftsmanship, enthusiasm for working with boats, love of the sea and a desire to do something different have all contributed to the shape and size of the UK industry.

Many proprietors of small marine companies in Britain are in the boat building business mainly because it is an absorbing and satisfying job. They are willing to put up with a small return for their investment and labour.

Of the 900 members of the Ship and Boat Builders National Federation, which represents the British leisure boating industry, only a handful turn over more than £10m a year. About 30 turn over more than £2m a year and of the rest, 440 have less than £100,000 of annual business—at which level it is arguable whether they can claim to be properly in business.

But competition is encouraging change. Shortly before Christmas the federation decided to levy members according to turnover to fund new marketing strategy for the industry.

Mr John Cook, chairman of the federation marketing services committee, says up to £400,000 will be available to spend during 1986. The industry will concentrate on the home market, where it has lost ground badly in recent years.

Export markets, with their currency fluctuation problems will be left to boat-building and equipment companies strong enough, or brave enough, to take their chances.

For a heady period in the 1970s the boat industry enjoyed a 1 per cent share of

The Earls Court show heralds a change in direction for boat builders as they aim to recapture home markets through new owners rather than encouraging trading up

Selling takes a new tack

BY ROY HODSON

all British spending upon leisure activities. The industry's current turnover of £330m a year reflects a decline of 30 per cent in real terms from the 1975-78 period. The aim of the marketing drive will be to restore that loss, bringing the industry up to a turnover of more than £500m a year.

British volume boat-builders are facing fierce competition in their home market, particularly from the French who are marketing aggressively. Imports account for one-third of the British small boat market.

British exports, however, are doing well. The recent flood of French sailing yachts into the British market is matched by the brisk demand in Continental Europe for British power boats, for instance. Marine Projects, one of the biggest British builders, increased sales of its Princess range by 30 per cent in 1985 to a record £23m. The group had to take on 100 employees at its Plymouth factory.

To recapture the lost home market business the industry intends to concentrate upon a campaign to enlarge the number of users of leisure craft, whether simple sailboards or luxury cruising yachts.

Such a drive to get new people on to the water represents a sea change from the industry's previous technique,

the pace in 1986. Mr Anthony Taylor, managing director of Camper and Nicholson's (Yachts) has just secured the largest order for the Gosport yard, an 83 ft sailing yacht costing more than £1m. He is also developing a new line of motor yachts and the company has good order books.

Sadler Yachts, which is carving a name for itself for sound cruiser-racer designs, says 1985 got better and better as it advanced. The company has improved its order book by 50 per cent in a year, and expects a similar improvement in 1986. Sadler sells four-fifths of its boats on the home market where it is finding most growth.

Northshore Yacht Yards, of Itchenor has a specialist niche in the market, making tough cruising yachts with retractable keels for visiting drying ports and shallow estuaries. It has had a foretaste of things to come from the autumn Southampton boat show, where sales were a record of about £12m. Attendance was also up by nearly 20 per cent.

Among British companies Fairline Boats, builders of luxury cruising power craft, has increased sales in 1985 by 55 per cent to nearly £10m and doubled pre-tax profits. It has new models planned to keep up

their optimism is borne out, orders placed at Earls Court can be expected to better any year in the 1980s. The industry will then know it is sailing into smoother waters in 1986.

poor 4 per cent on turnover.

Turning to a small builder, Mr Huw Rossiter of Rossiter Yachts, Christchurch, says his company is "doing better but not marvellously." His 32 ft cruising yacht called Curlew is attracting attention and he expects to take an order for the 10th of the production line at Earls Court.

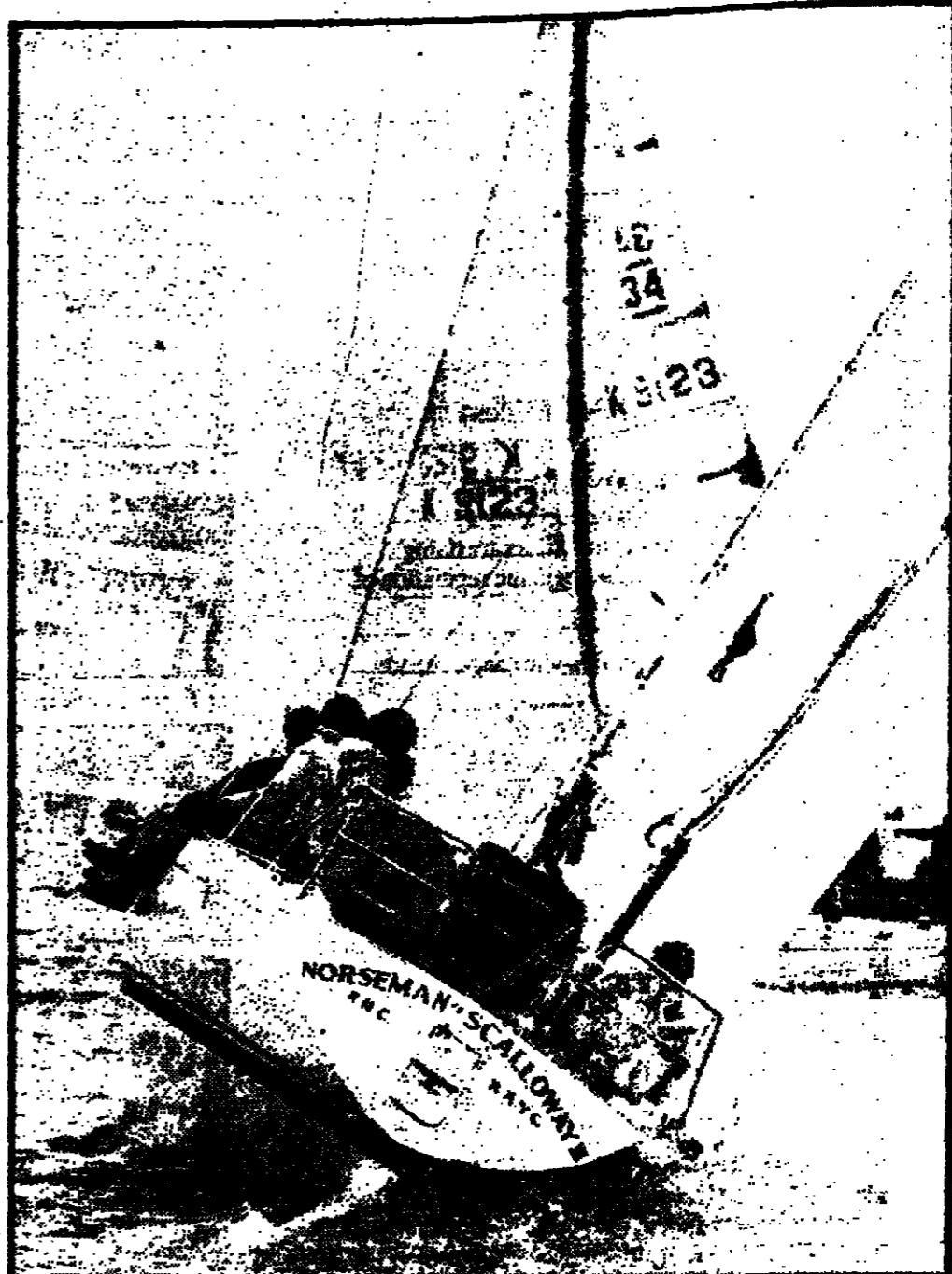
Mr Rossiter shows the inbred caution of the smaller company when he says: "We would like to do more for exports but, while the home market is not too bad, the extra expense and hassle of selling abroad is off-putting."

Lewmar, the Hampshire yacht equipment company which recently went public, serves the world market with its gear, and is in a good position to see the whole game. Mr John Burton, the chairman, says that a decline in sales of small boats has been more than made up by stronger sales of larger yachts.

The company's equipment is on 11 of the 15 yachts in the Whitbread Round-the-World-Race, and Lewmar will be more widely represented than any other equipment maker on the America's Cup challengers in Australia.

As British firms are preparing their exhibits for the Earls Court show they were showing an optimistic view that both home and export business is improving. More than a third of the companies surveyed report better order books than six months previously.

If their optimism is borne out, orders placed at Earls Court can be expected to better any year in the 1980s. The industry will then know it is sailing into smoother waters in 1986.



Close racing in the Solent last summer with one of the popular Sigma classes in action

Sail

Survivors accelerate turnover

THE FIRST question a would-be boat owner asks these days is where to keep the vessel.

The days are long gone when a mooring could be laid in a creek or harbour for a nominal £5 a year. The industry acknowledges that pressure upon moorings and berthing space is one of the biggest constraints it will have to tackle in its campaign to get more people on to the water.

But perhaps the situation is not as bad as at first glance. Boatyard managers and harbourmasters are accommodating people, and will usually find a new boat in somewhere. But not at some of the most popular south coast yachting areas where waiting lists stretch beyond the horizon.

There are 35,000 leisure boats between Poole and Chichester, and the area can become uncomfortably congested on a summer weekend.

More people are extending their sailing season relying upon the low-maintenance required on modern boats (and such devices as cabin heaters).

Some are regularly cruising all year round, taking advantage of space and quiet. The Solent, which can resemble Piccadilly in the rush-hour, except for weekend racing, that height of the season, can be an empty, tranquil place by late October.

Development of new marinas continues to forge ahead. Mr Robin Walters, chairman of Walcon Marine, which makes pontoons, says 2,000 new berths were created last year—his company supplied 1,300 of them.

Motorways are also helping take some of the pressure off the south coast. Mr Walters detects a trend among yacht-owners to move to the West Country where there can be plenty of room.

British powerboat designers and builders are in a strong position in the international market—both for style of designs and quality of products. It remains to be seen whether sufficient British builders will follow the leaders to consolidate that market dominance.

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Sharing the stand will be the recently named British America's Cup 12-metre yacht Crusader, built in aluminium at the Cougar yard.

JOHN WALKER

room for the true amateur to enjoy competitive racing against each other without being pitted against "shamateurs."

One-design racing has been kept alive in Britain, against all the odds, by fleets of fine old boats often sailed by fine old men. There is a new upsurge of interest in that kind of racing where the boats are identical as near as possible.

Sailing as a one-design class, modern Sigma racer-cruiser yachts (33-feet overall length) have given their owners excellent racing during the last season. More than 70 turned out for the annual race, around the Isle of Wight. Yet the design includes a lusty diesel engine and can be used for family cruising.

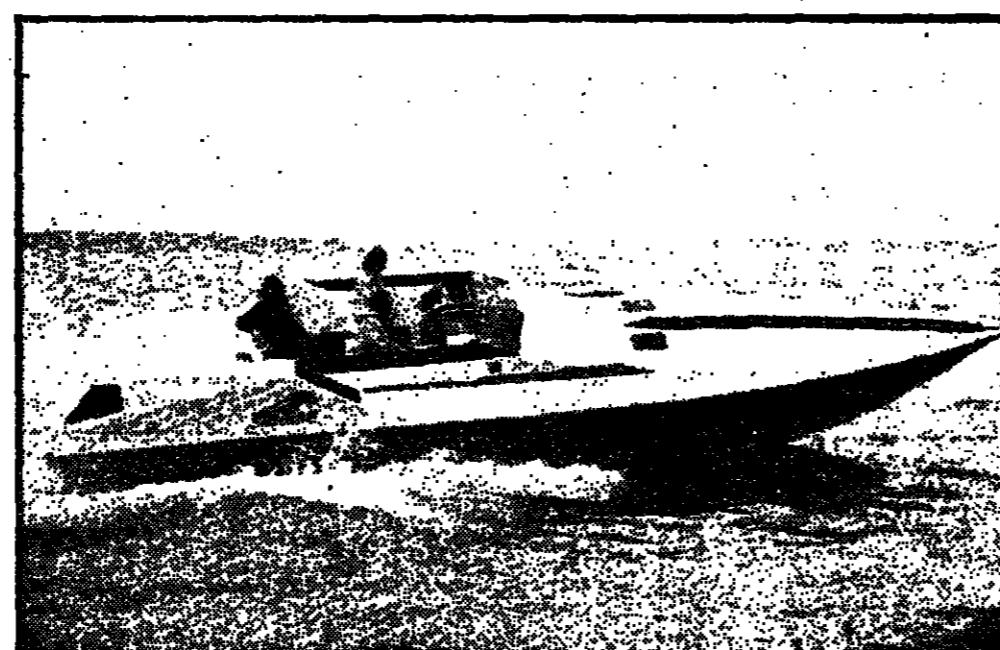
Board-sailing is continuing to go from strength to strength, providing stern competition for the sailing dinghy classes, partly because of the high cost of a new dinghy compared with a board. Many young people also discover—often on Mediterranean holidays—that board-sailing is exciting and not difficult.

After explosive growth and some spectacular failures of manufacturing companies—the board-sailing industry seems to be getting its second wind. Mr Gordon Way of TIGA UK, the Nottingham-based board specialists, says that British companies are now talking to each other and starting to act as an industry.

The sailboard committee of the Ship and Boat Builders National Federation has raised a £35,000 fund to spend on National Windsurfing Week, and a Windsurfing Information Centre at the Royal Yachting Association.

The trade magazine Board Business put forward what it calls "a case for optimism" forecasting that the British board market, now £6m a year, will be worth more than £10m a year by 1990, with British manufacturers taking an increasing share.

ROY HODSON



Cougar Marine's fast monohull, costing more than £74,000

Power

Giving berth to a dream

BRITISH BUILT power cruisers and large motor yachts are again experiencing that heady mixture of international demand and associated commercial success, the builders last knew in the early 1970s.

During the recent recession years the industry has become leaner and more professional. And for those who survived, it has gained credibility.

Mr Sam Newington, chairman and managing director of Fairline Boats, says those years provided for his company the right springboard for a full market listing in 1979. Fairline is now producing 400 boats in the 20 ft to 40 ft range with a 50 ft version poised for launch in mid-year.

Fairline's turnover has almost doubled since the flotation, reaching almost £10m last year. Sales rose by 50 per cent and British sales doubled in 1983, while 60 per cent of its production was exported, mostly into Europe.

Sunseeker International's recent market penetration with a range of sporting boats stems largely from its association with the British designer Don Shead. Unmistakable lines and an off-

shore racing heritage have helped Sunseeker boats to a dominant position in the European fast dayboat and weekender market—with designs from 21 ft and a new 39 ft version revealed this week in full production trim.

Marine Projects is gradually taking owners up the buying scale, with larger power boats.

Fast open-water outboard boats tend to run between 14 and 25 ft. One British builder who knows this market well is Norman Fletcher. A waterski supporter, Mr Fletcher has continued to extend his range of boats and uses international competition to prove many designs.

Another company using the same approach but at the opposite end of the size range is Hamble-based Cougar Marine.

Its stand at Earls Court will include glass fibre production versions of its world champion ship catamaran and monohull designs, capable of more than

Sharing the stand will be the recently named British America's Cup 12-metre yacht Crusader, built in aluminium at the Cougar yard.

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• WEEKEND FT REPORT •

Flotilla Cruising

Exploration for the inexperienced

A SMALL fleet of Princess power boats carves a furrow through the dark blue Mediterranean waters as it cruises along Turkey's south coast.

At 16 knots in a sparkling autumn day this is an elegant lorn of follow-my-leader. Off the bay of Marmaris the flotilla throttles back to watch a school of dolphins playing.

Then away again at full power with flying fish keeping up with the fleet on either side. There is an important appointment ahead with a beach taverna and an open-air lunch of fresh local produce fit for the gods of old Lycia.

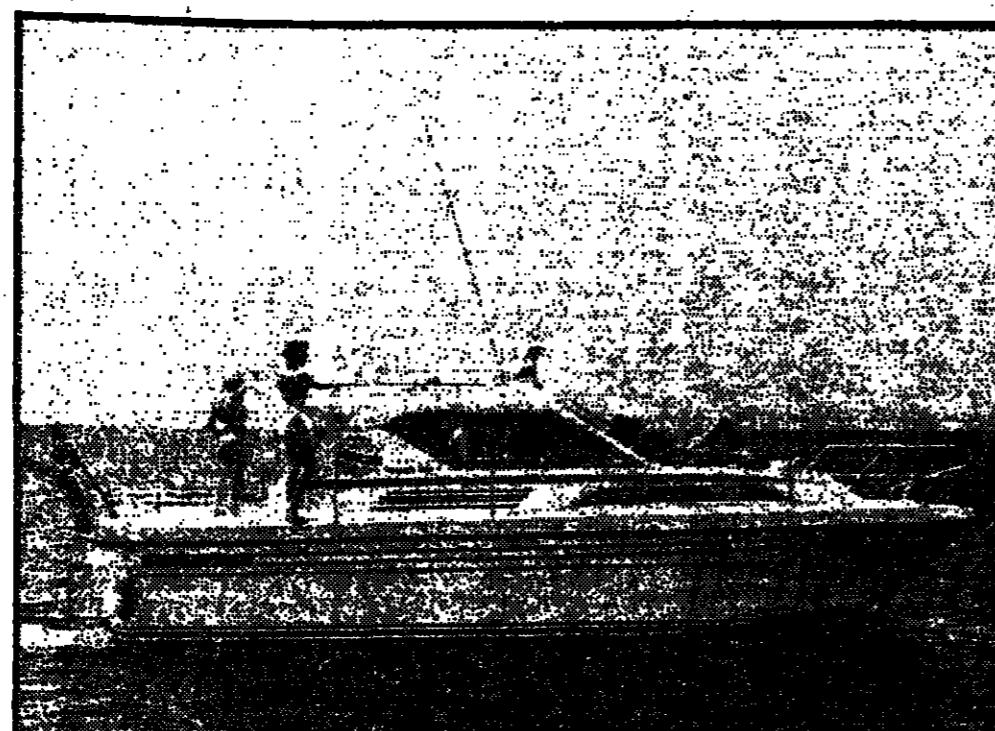
That is where the Peter Stuyvesant Travel way to enjoy power boating in the Med. A direct flight from Gatwick to the south Turkey airport at Dalaman puts you on your boat in less than half a day.

The twin diesel-engined British-built power boats handle like well-mannered limousines. When the company says that no previous boating experience is necessary it means it.

The fleet is led by a professional skipper, engineer, and hostess in the lead craft. Their job is to remove from the paying customers any fears of nautical ineptitude. They do that expertly.

Peter Stuyvesant Travel is, in fact, pursuing a clever marketing ploy. It is diversifying from cigarettes—while keeping the name before the public as valuable publicity. And it is developing a valuable new business at the top of the leisure market by selling "life around the water."

The Turkey flotilla is just one of the company's water activities based in Spain, Italy, Greece, and Turkey, offering a range from power-boating to board-sailing. Two weeks power-boating in Turkey in a six-berth



Power cruising on the Mediterranean in a Princess 33

vessel costs each person about £500, including flights.

Flotilla sailing seems to have two important attractions: the fleet is so well "nannied" by professionals that little or no previous experience is needed for a water holiday, and the packages offer rare opportunities to cruise in some of the more delectable corners of the Seven Seas.

For anyone with a little extra to spend on airfares (and particularly for people taking leave from Middle East postings) the sailing on Australia's Barrier Reef is in a class of its

own. Warm trade winds blow, the natives speak English, the beer and wine are excellent, and there is always a flying boat within about 15 minutes flying time to help.

The magazine Yachting World is listing a world of chartering in sailing waters as far apart as Finland and Tahiti. Both charter and flotilla sailing are being put on a highly professional basis as the business moves from the hands of local yachtsmen to international companies capable of offering keenly-priced fly-and-boat package deals.

At the luxury end of the market it is only necessary to pick up the telephone to charter a 100 foot motor yacht and crew practically wherever you want it. Camper and Nicholsons (Yacht Agency) of Regency St, London, is expert practitioners. So is Crestar Yacht Charters, of 125 Sloane St, London, which represents some 500 charter yachts around the world.

ROY HODSON

Equipment

Radar strides ahead

SALES of equipment, chandlery and marine engines reached £180m in 1984, up 240m since 1981 and set to climb even higher in 1985-86. Competition is intense, not only between British and foreign manufacturers but also among agents who control the market.

The original equipment market for engines and electronics is carried though not the replacement business stimulated the marine trade most extending across power and sail and all sizes of yacht.

The benefits of micro-electronics have come into the lives of boat owners and it is no longer surprising to see fully integrated, computer-controlled instruments. But of all the recent advances, it is the radar market that the greatest strides have been made. Daylight viewing has improved while attention to size of scanner, display and overall weight has opened up the market for smaller sailing boats.

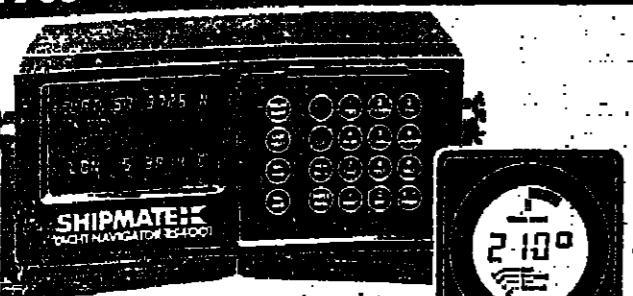
Mars Marine, with their Vigil system, were front-runners, and with the addition of guard rings and a tracking facility, continue to set the pace with more than 2,000 installations. Although the modular design was intended to enable yacht owners to install their own equipment, most Vigil sets appear to be handled by agents.

Vigil include single-colour display, power consumption of less than 3 amps, + to 16 mile range and a price of about £1,500. Also in the market are Decca, Kodan / Sitex and Raytheon.

Decca figures strongly in the market for position fixing devices but this segment of electronic aids to navigation is changing. Decca reduced prices during 1985 because its beacon maintenance charge is no longer being levied—but also because there is a growing personal import market under the badge of Philips AP.

Within a few years with the advent of satellite navigation systems that "fix" every second to better than 10 metres anywhere in the world the present system could be obsolete any-way.

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For a go at aqua diving, see page 10.

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Ergonomically speaking it's all due to posture

THOMAS JEFFERSON, one of the most illustrious of America's presidents, liked to work in an armchair with his feet up. Mohammed Mossadegh, premier of Iran in the early 1950s, had a habit of holding formal meetings while lying flat on a pile of soft pillows. John Opel, until recently the head of the powerful IBM empire, practised a peculiar modern fashion among big business barons; he worked upright at a lectern.

Cars make a similar story. French manufacturers make seats which are voluptuously soft and embracing, with springing to match. The Germans prefer a harder, more spartan feel. Human beings do not necessarily have to sit or lie down if they want to relax: Tasmanian aborigines unwind by standing on one foot.

All this goes to show that, in spite of intensive scientific research over the past 40 years, notions of ideal posture and comfort remain culturally conditioned and highly subjective. There are some immutable principles, but not as many as the chair salesmen would have us believe.

Posture and comfort are just two of the many aspects of the putative "science" of ergonomics which is examined in an informative and entertaining exhibition on "Natural Design" which, with sponsorship from Philips, is now running at the Boilerhouse design gallery at London's Victoria and Albert Museum.

Starting with basic issues of perception, ending with the ambitiously-titled "integration of man and machine," the exhibition provides an electric, whistle-stop tour of the legibility of different typefaces; the optimum organisation of instru-

ments in a pilot's cockpit; the "semantics" of portable radio design, and the organisation of living and work space.

Along the way it allows one to learn ergonomics the hard way by scrapping one's knuckles on some badly-designed door knobs; design one's own ideal seat back; understand why visual display terminals can create medical problems, and how these can be avoided.

Not for these latterday Dan Dares the old-fashioned joystick with its hydraulic and mechanical controls. Instead, they will fly us through the skies with the aid of an ultra-sensitive "sidestick" which responds to minute deflections of the wrist. As if this were not daunting enough, the exhibition also shows a "biocybernetic" pilot's helmet of the future, which will measure the brain's activity and translate its electrical impulses into commands.

Within 10 years, says the catalogue, piloting technology will be able to register the captain's thoughts and act upon them. Heaven help us if his mind strays to what he had for dinner last night, or the ski jumps he plans to practise tomorrow.

On a more down-to-earth and reassuring level, the exhibition provides a useful checklist of basic ergonomic questions which should help the discerning customer to assess almost any sort of product. Is it safe? Is it comfortable? Is it efficient? And is it robust, reliable, convenient and attractive? In other words, is it well designed?

Open daily except Friday's until February 27.

Notions of ideal posture and comfort are highly subjective, and the diagnosis and treatment of back pain reflect different medical opinions and practice.

Christopher Lorenz and Joy Melville report



C. L.

EVERY DAY, about 88,000 people in the UK are off work with back pain—and complaints received by the Back Pain Association indicate that not everyone getting orthodox medical treatment is happy with the result.

There are two main alternative choices: osteopathy and chiropractic. Osteopathy was founded by Dr Andrew Taylor Still in 1874 and chiropractic in 1895 by Daniel Palmer.

Dr Still—unimpressed by the drugs used in orthodox medicine after losing three children from spinal meningitis—finally concluded that displacement of the spine was the major cause of the disease, as this prevented the free flow of blood to specific organs. By manipulating the spine, back into shape, he believed that conditions as varied as diabetes and sinusitis could be helped.

Osteopaths look at the body as a whole. They try to restore movement to a joint by loosening the soft tissue around the fixed vertebra then gently manipulating the joint concerned. Nowadays, however, they sometimes suggest the use of drugs.

I first went to an osteopath when I was 18. He examined me and told me I had arthritis of the right hip. I decided I hadn't, but orthodox methods—X-rays, heat treatment, surgical corset—didn't work either. I was stuck with back pain. When I approached another osteopath recently, I told him the reaction of the first one, and said the pain was mainly at the top of my back. He took my blood pressure and pulse, and went through my entire medical history.

Then, for nearly an hour, he exhaustively tested, it seemed, every muscle and vertebrae I had. I lay on the couch face up,

face down, sideways, while he probed, kneaded and stretched bits of me. I coughed, and breathed in and out, with crossed and uncrossed arms, while sitting, standing, sitting, I moved my neck about in circles, bent backwards, bent sideways to the left and right, I turned and failed—to touch my toes. I put my hands on my head and swayed to the left and right. He tested the reflex actions of my arms and legs and made a sketch of my spine.

I sat down while he told me his conclusions. There was nothing pathologically sinister, he said. But the muscles high up in my back were "irritable" and tended to go into spasm if touched too briskly. He thought that some teenage episode was behind this. If my back was ever particularly painful, he said, I should SOS him; but there was no immediate need for regular treatment.

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I told the chiropractor exactly what I had told the osteopath. He asked me to walk across the room, then sit. He didn't bother with my medical

ALTERNATIVE HEALTH

history. "I can see exactly what is wrong with you," he said. "It's your posture."

He asked me to stand up, and I did so, easily putting a hand on a nearby table for support. "Just look at you," he said, crossly. "Put your feet together and stand straight. Your right shoulder is higher than your left and it is making your spine curve." He showed me illustrations of sagging people in a book to make his point, and said my back muscles were weak and would need treatment. I leaned on the table once more and he glared.

The treatment he gave me was with a large muscle toner. I lay face downwards on a couch which had a hole in it to take my head. For 10 or 15 minutes, he vigorously ran this buzzing steamroller over me, from neck to mid calf. It left me gasping and when I got up I felt like one of those flattened cartoon cats. The thought of perhaps a dozen more sessions left me in a reflective mood. However, I thought, his diagnosis was possibly right. And when I had regained my breath, my back did feel a bit better.

If you have back pain, it's sensible to shop around until you find a practitioner who really helps you: successful

treatment depends so much on what the problem is. The Back Pain Association stresses that it's always wise for people to see their GP first before trying alternatives.

The medical reaction to osteopathy and chiropractic ranges from acceptance to hostility. The entry for chiropractic in *Everyday Guide to Family Health*, for instance, starts: "Chiropractic is based on the false theory that most diseases result from abnormalities of the spine."

It is certainly essential to get a reputable, trained practitioner—the Back Pain Association gets complaints about osteopaths and chiropractors, too. But it is also worth keeping an open mind about them. I was glad I went; and if I have the courage to face that chiropractor, I will go again.

COST

I PAID £10 for my visit to the osteopath. The price is the same for each subsequent visit.

The General Council and Register of Osteopaths 1 Suffolk Street, London SW1, will give a list of your nearest practitioners.

I also paid £10 to see the chiropractor who charges the same for later visits. A list of chiropractors can be obtained from the British Chiropractic Association, 5 First Avenue, Chelmsford, Essex.

The Back Pain Association's branches (head office, Grundy House, 21-33 Park Road, Teddington, Middlesex) will give general advice on back pain.

All the above require large stamped addressed envelopes.

J. M.

Adding a sparkle

Wine

THE POPULARITY of sparkling wines has increased dramatically. Over the past 30 years, sales of champagne have risen from less than 85m bottles a year to 200m. Even in France and Italy where wine consumption is on the wane the demand for sparkling wine has risen.

It is generally accepted that sparkling wine began in Champagne, where the local wine naturally ferment in bottles, although this has been challenged by Blanquette de Limoux, produced at the other end of France near Perpignan. Nevertheless it is agreed that the sparkle occurred or was induced in the bottle. What became known at the *méthode champenoise* spread to other parts of France, notably to Saumur, and then to Italy, Germany and Spain.

In 1910, a scientist, Eugène Charmat, devised the *cuvée close* method. Yeasts and sugar are pumped into a tank full of still wine. This speeds up production enormously and short circuits the maturing period that, for a fine champagne, should be at least three years. But the great proportion of sparkling wines made by the "tank method" is, at best, somewhat neutral in flavour.

Champagne has been fairly successful in protecting its name and authenticity but remains vigilant. In the Treaty of Versailles, it succeeded in preventing German sets from being called champagne. In 1948, it stopped Italy from doing so. General de Gaulle made a gentleman's agreement with the Russians not to label their sparkling wine "champagne" and the Spaniards were beaten off in Britain in the "Spanish Champagne" case in 1960. The New World has proved a harder nut to crack. A still unresolved court case has been fought in Canada for nearly 20 years. The U.S. and Australia are not legally prevented from labeling their wine "champagne," though the more reputable producers do not.

Nevertheless, the growth of sparkling wine drinking is of great interest to the Champenois. After all, its consumers might move up-market to "the real thing" and it exposes champagne to competition. Before the last world war, less than 100 million bottles of sparkling wine were produced, one third of it champagne. By 1984—a record year for champagne sales—its proportion was down to 12.4 per cent.

These figures are taken from a very interesting survey recently published by the Comité Interprofessionnel du Vin de Champagne in Epernay. It looks at the sparkling wine production between 1978 and in 1984. In these five years, world output rose from 1,240 million bottles to 1,448 million. French champagne production rose from 185 million to 188 million.

The report reveals that 17 countries made significant amounts of sparkling wine, 12 of them European, three in the New World (not including Canada) and four in South America. In 1984, all but 300m bottles were produced in Europe. The six principal producers, all European except the US, made nine-tenths of the total output. These six, with their output per million bottles in brackets, were France (35), West Germany (230), USSR (230), Italy (185), US (165) and Spain (120). The runner-up was Australia (39).

French non-champagne sparklers are advancing. Between 1979 and 1984, production of vins mousseux rose from 160m to 167m bottles.



The *cuvée close* type increased by over 13m and the *méthode champenoise* dropped by 5m. Of the 167m non-champagne wines, the *cuvée close* type accounted for two-thirds.

Among the 54m bottle-fermented French sparkling wines made in 1984, Saumur and its associated Crémant de Loire produced 15m, while Crémant d'Alsace and Crémant de Bourgogne only represented 4m and 3m bottles respectively. Blanquette de Limoux surpassed both of them, with 7m bottles.

The *cuvée close* type increased by over 13m and the *méthode champenoise* dropped by 5m. Of the 167m non-champagne wines, the *cuvée close* type accounted for two-thirds.

Among the other main producers, 96 per cent of Germany's sparkling wine is made by the *cuvée close* method. Rather surprisingly, its 1984 output was 17m bottles less than in 1979. The Soviet production—developed as an alternative to vodka-drinking—was no less than 77m bottles up on 1979. This year, the tank method is used for 95 per cent of production.

Italian production has increased from 128m to 185m bottles. Every co-operative one visits there seems to have a sparkling wine programme. Fifty-one per cent is Asti Spumante, and 88 per cent is *cuvée close*. Just on two-thirds are exported and as the report remarks, the trade show "a très grand dynamism."

US production increased by 53m bottles—48 per cent. Between 20 and 30 per cent is bottle-fermented, and 10 firms account for 90 per cent of the total. Spanish sparkling wine production has risen by about a third or 30m bottles. Seventy per cent is estimated to be fermented in the bottle or carafe method, and five-sixths are produced by two firms. The Spanish increase owes much to the spectacular success of the cork form in the U.S. where 16m bottles were sold last year, compared with champagne's 11m. In Britain, they have achieved relatively little success, with only 3m bottles sold. Last autumn Polgar appeared somewhat overplayed, her results dropped off following a series of hard events—but following a rest she is now back in form. She already has enough confidence to play for a full point against men rated far above her. She has defeated two GMs ranked in the world's top hundred, and last month in Czechoslovakia made a further advance by a victory over Jan Karel Polgar (Hungary).

Pis. Cramling, now 22, of Sweden, and Zsuzsa Polgar, 16, of Hungary, defeated GMs and finished high up the tournament tables at the very strong New York Open; while woman world champion Maia Chiburdanidze, 24, took first prize at the Cuban Open and made an excellent impression in competition with leading British men at Lloyds Bank in London. Earlier Cramling defeated Viktor Korchnoi.

Following these good results, many more organisers have been persuaded to give opportunity to the three ladies in prestigious all-play-all invitations. Pis. Cramling is currently taking part in the Hastings Premier—only the third woman to be honoured in the 61 years of the congress. Zsuzsa Polgar has just competed in the Czech international championship.

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Pis. Cramling is 8 . . . PxP: 9 BxP, N-Q4: 10 BxP, QxP when Black draws by careful play but has few winning chances.

9 BxP, R-K1? Definitely an error, allowing White to penetrate the weakened Q-side. The temporary pawn sacrifice 9 P-K4: 10 PxP, N-K1; 11 BxP, NxP is the right plan.

10 BxP, N-R4: 11 0-0, PxN; 12 P-KR3, NxP; 13 PxN, B-B1; 14 Q-B2, B-N2; 15 KR-K1, N-B1; 16 N-QR4, B-Q2: 17 N-N6, R-N1; 18 P-QN4, Q-B2; 19 P-N3, P-B3: 20 K-R2, QR-Q1.

White has systematically reinforced her position. Black's pieces have congested on the back ranks. Late in the day, Black decides to break for freedom by P-K4, but this advance should be prepared by R-K2 and QR-K1.

21 Q-B3, B-B1; 22 R-K2, N-Q2: 23 NxP, RxN; 24 QR-K1, P-K4; Losing a pawn, but if K-B2: 25 P-QR4 and White infiltrates by

26 PxP, PxP: 27 NxP, RxN: 28 PxP, R-K2; 29 P-B4, R-KB1; 30 Q-Q4, K-R1; 31 K-N2, Q-K3; 32 R-KB2, P-K4: 33 Q-N2, R(K2)-K3: 34 Q-E2, K-R2; 35 R(1)-KB1, K-R5: 36 P-E5!

For more than half a century, M9 was the apple rootstock considered to be the most dwarfing kind that also was pleasurable. M9 will reduce a very vigorous apple, such as Bramley's Seedling, to around 10 ft and bring a variety of medium vigour, such as Cox's Orange Pippin, down to 6-7 ft.

It has been used chiefly as a stock for single stemmed cordons and for miniature pyramids, and it is still the best for these purposes if both soil and cultivation are good. If there is doubt about either, it would be wise to go up one or two places in vigour and choose M26 or M106 as the rootstock.

It is a pity that this mode of designating rootstocks in no way indicates their relative vigour. M stands for Merton or Malling, the two places where the stocks originally were raised or selected, and the figure is usually a serial one given as they were identified.

No other kind of fruit—nor, for that matter, any other plant I know—has such a range of vigour in available rootstocks, although that might be simply because none has been so thoroughly researched. However, the list of rootstocks for cherries and plums gradually is being extended and the most dwarfing stock for cherries now is Colt, which seems to have taken over the market com-

Gardening

Try a bit of graft

weak trees that are precocious and start to bear when only a few years old.

Of course, no self-respecting fruitgrower would put it quite like that. He would substitute "dwarf" for "weak," which does not sound quite so alarming but does conceal part of the truth.

Apples grafted onto a very dwarfing rootstock, such as M27, are weak. If they are not well cared for they are likely to die young or become so stunted that they are useless. But given good soil, clean cultivation and regular feeding, they can be marvellous.

Trees can be cropping in their second year, and by the time they are 4 ft high, they are fully grown. At this stage they are likely to be mushroom shaped, since the branches will have been pulled down by the weight of fruit they

have been carrying.

M27 is an ideal rootstock on which to grow apple trees in large pots or other containers. It is used in research stations for testing new varieties; since the trees can be planted 3 ft apart and need little pruning, so saving both space and labour.

Yet, for something like 50 years, M27 was regarded as too weak to be of any practical use; it is only since the early 1970s that its merits have been recognised. Now, there is such a demand for trees worked on it that some wholesalers produce have waiting lists and most of the few nurseries that do offer apple trees grafted on it are able to supply only year-old trees. But since these will probably start to crop the following year, what does it matter?

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مكتبة الأطفال



Knit your own designer sweater

JANUARY IS not usually the cheeriest of months. Marred by what my children call post-purchase depression (and if you are not suffering from it you have obviously had a wiser, more sensible Christmas than I did), it is a long time to the next pay cheque and the next legitimate indulgence. But it need not be all gloom—if you are feeling poor, cold, but energetic, you could cheer yourself up by starting to make your own designer sweater.

True, it will require some initial outlay. You can quieten your conscience by reflecting (truthfully) that you really are saving yourself about three-quarters of the price it would cost ready-made, and that all the effort you are going to put into it deserves some reward.

What I wanted to offer How To Spend It readers this New Year was a really gorgeous sweater, soft, luxurious, entirely different in kind from the classic chain-store numbers that form the back-bone of most wardrobes. Who better to ask to design it than Sandy Black? Her creations have long been admired by those with a weakness for such things. They are mostly sold in up-market boutiques with very up-market price tags. How To Spend It readers can make one of her designs for very much less.

Sandy Black came up with the richly-patterned, sort-of-wonderfully light sweater photographed and sketched here. It is only available in kit form—that is, the pattern and all the necessary wool are sold as a complete pack.

The kit is offered in two different price ranges. The most luxurious, the most desirable, is a combination of pure wool with soft 100 per cent angora at £99.50 (if the price makes you cringe, let me assure you that Sandy Black's sweaters in similar wools are selling, and selling fast, at about £400 in the shops). For those who cannot afford that sort of outlay there is a cheaper version, using a combination of pure wool with 100 per cent cotton chenille at £39.95. The angora design has a marvelously soft and fluffy air to it. The chenille one has more of a matt, velvet-like effect.

The choice of colours for both kits is very similar—soft, donkey brown tweed as the background colour, tinged with subtle flecks of mauve, brown and green. The rosette patterns are in four dreamy pastel shades—pink, mauve, green and beige. It is the sort of sweater that you can wear casually over jeans or cords or wear it over a slinky skirt or cropped trousers to all but the grandest of gatherings.

The apparently intricate design is based on a simple all-over pattern of circles cleverly arranged and coloured to form individual rosettes. The basic stitch is a very simple one—the sweater itself is knitted entirely in stocking stitch—so everybody except complete beginners should be able to complete it. The edgings and collar are worked in a diagonal rib. There are deep raglan sleeves and because the sweater is in fashionable large and generous mood there is just one which should fit everybody up to size 40 inches.

The kit, available at the prices given (£99.50 or £39.95), has been organised with the help of Ries Wools of Holborn, London WC1, one of the most interesting and enlightened wool shops in Britain. The complete pack includes a woven label to give the sweater a final professional touch. You can either order by sending a cheque to Ries Wools made payable to Ries Wools of Holborn, or there is a 24-hour answering service and you can order by quoting your American Express, Visa or Access card number over the tele-



Celia Barker
Sandy Black's exclusive design, available in kit form to How To Spend It readers. Wear it casually with jeans or cords, or team it with a slinky dark skirt or a pair of fashionable cropped or "ski" trousers and you can wear it to all but the most formal of gatherings. View from Monday at Ries Wools, Holborn



phone. (This should be particularly helpful to overseas readers.)

If you would love to own the sweater but feel that your skills or will-power may not be up to the task (Ries Wools estimate it will take between three and six weeks' knitting time), Ries Wools run a hand-knitting service; for an extra

£90 (in whichever version you choose) the sweater can be knitted for you.

If you would like to see the sweater before you embark on the project it will be on display from Monday at Ries Wools of Holborn, 242-243 High Holborn, London WC1V 7DZ (less than 100 metres from Holborn Underground Station). Open

Monday to Friday, 8.30 am to 6 pm and on Saturdays from 9 am to 4 pm. Telephone: 01-242 7721.

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BOOKS

Ross's boundaries

BLINDFOLD GAMES
by Alan Ross. Collins Harvill £12.95. 301 pages

ALAN ROSS was brought up in India where his family on both sides had been part of the British community for generations. Ross remembers the twilight era of the Raj as part of the magical years of his childhood; he describes his parents' Indian servants who became his friends, and his early love of cricket which he has never lost. Before this book of memoirs Ross wrote a biography of Ranji, the Indian cricketer-prince. He was too young to see him play for Sussex before the first world war, but when Ross arrived at his prep school in 1932 in East Grinstead the county side, of which the boy soon became a devoted supporter, was captained by the nephew, Duleepsinhji.

Soon Ross was knocking up runs himself for the school side and showing all the signs of turning into the classic pre-war English schoolboy hero, having discovered a father and mother-substitute in the Rector of Ardingly and his wife with whom he stayed.

Then Ross went to Haileybury where once again he became the lowest of the low and in typical fashion was baited by a boy slightly older than himself, but Ross continued to wield a straight bat and work hard at the nets. Now the Magnet or the Gem really takes over from history. On the day of the semi-finals of the house cricket competition he is belatedly sent to make up a gap in the team. He is last in the order and when he finally reaches the crease, the house still need 35 to win against the holders.

I made all but three of them together in the highest partnership of the match. Since

I had taken two wickets in the few overs I was allotted in the Lawrence innings I returned walking on air and to much applause.

After that triumph the tables were turned on his quondam tormentor: "He was seized and stripped. Flour was strewn over his skinny body, ink poured on him, and eggs broken over his face." Ross meanwhile is awarded his colours for cricket and goes on to make a steady stream of runs against the top sides from other public schools until he is ready to leave to join the Navy at the beginning of the war.

If Tom Merry — or better still A. J. Raffles — would seem to be the role-model for Ross at this time, there is an aspect of his character seriously working counter to the notion. This counter-influence to cricket-playing athleticism is poetic aestheticism: the boy has developed an interest in poetry and the arts which threatens to become serious; he is not just reading quantities of poetry, but actually writing the stuff. He acquires a taste for French poets, Lamartine and Verlaine; the prospect of a modern languages degree at Oxford swims into his sights.

Now you may say there is nothing particularly contradictory about a cricket-playing poet: what about J. C. Squire? or Edmund Blunden (turning out for the TLS in the annual match against the Times printers at Hove Castle)? True, but they were traditional Georgians; Ross was a modernist who read Auden and Day Lewis in the dormitory and would soon himself be contributing to John Lehmann's Penguin New Writing.

After World War II Ross took on, in fact, as a leading literary magazine editor from Lehmann. Even today he still edits the London Magazine, a somewhat nostalgic quarterly under his sway with one eye



Alan Ross: battle on the high seas

dreams through reading books like Veats-Brown's Bengal Lancer. Once this Indian paradise was lost it was never recovered, even though there are compensations back in England such as watching Langridge and Jim Parks play for Sussex.

The Oxford section of the book is the briefest. Ross coincided at St John's with the Larkin Amis generation of students.

Playing on the lower deck with Ross and his mates was the game of "ucker," the four-letter dialogue accurately rendered. Then there are the hazards of life while undergoing the selection process to become an officer, afterwards attending war trials.

Ross met some odd types in those days in the mess, including his bridge partner, Ronald Chesney (alias Donald Merritt) a drug-smuggler and murderer. Ross's account of him reads like something out of an early novel by Graham Greene. It is here very likely implied that Dulamere must have been pretty cavalier towards his first wife. Now Mrs Huxley can confirm it and a lot more besides.

She is also free now to discuss the more intimate side of the early frontiersmen, even down to their sexual preferences. The novelist Llewellyn Powys, farm manager to Galbraith Cole and cheerful seducer of black women: the old "bull virgin" Sir Vincent Glenday, impervious to feminine charm until he fathered three sons: H. B. Sharpe, a

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handshake like a limp fish-Harold Macmillan.

Actually Elspeth Huxley's Kenya must be familiar to millions by now, whether from her many previous books or the somewhat romanticised television version of *The Flame Trees of Thika*. What she is doing here is dotting the i's and crossing the t's, putting her earlier labours in their proper context. Fifty years ago, for instance, White Man's Country rather implied that Dulamere must have been pretty cavalier towards his first wife. Now Mrs Huxley can confirm it and a lot more besides.

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Pioneer and settler

OUT IN THE MIDDAY SUN
by Elspeth Huxley. Chatto and Windus. £12.95. 262 pages

THE KENYA PIONEERS
by Erol Trebelski. Heinemann. £12.95. 240 pages

bachelor District Commissioner whose entourage usually had room in it somewhere for a winsome Somali youth or two. When proceeding along the Tana river, accompanied by his portable fridge, Sharpe always liked to do the crossword under an awning while the crew paddled away for all they were worth.

Undeterred, the settlers trekked up-country and pegged out their claims to land with literally a stake. Provided no African was living on it, all they had to do was hammer in a piece of wood and send for the Government surveyor to draw up the boundaries. Then the living began: "You sat on petrol boxes," Elspeth Huxley's mother recalled (she was the niece of one of our richer dukes), "your feet on dust floors inhabited by myriads of fleas, and ate the most divine things from Fortnum and Mason."

And what a Kenya it was. The colony of her early adulthood, revisited in 1983 after an absence of eight years and marriage into the Huxley family. She was back to write the biography of that awful old settler Lord Delamere, who had just died. The work was her first major commission, given to her by a publisher with a handshake like a limp fish-Harold Macmillan.

Actually Elspeth Huxley's Kenya must be familiar to millions by now, whether from her many previous books or the somewhat romanticised television version of *The Flame Trees of Thika*. What she is doing here is dotting the i's and crossing the t's, putting her earlier labours in their proper context. Fifty years ago, for instance, White Man's Country rather implied that Dulamere must have been pretty cavalier towards his first wife. Now Mrs Huxley can confirm it and a lot more besides.

As indeed it must have done to the pre-1914 settlers of Erol Trebelski's *The Kenya Pioneers*. No question then of education outstripping employment. There was plenty of work to be done—everything from felling trees and clearing scrub to the building of dams and cutting of irrigation channels—but no one is all interested in doing it. Why work for the white man's shiny rupee? Swords beaten into ploughshares were one thing, but spearheads made out of melted down rupees were no use at all.

Yet the rewards were there, for those who did manage to find labour. Mrs Trebelski tells of a man who won £10 in a card game in 1900 and accepted a plot of land up-country in lieu of cash. Half a century later that land was worth £250,000 and nothing on the way had had anything to do with it.

Not that it was ever that easy. There was plenty of hard graft in between, plenty of

Nicholas Best

From the Front

THE COLLECTED POEMS OF CHARLES HAMILTON SORLEY
edited by Jean Moorcroft Wilson. Cecil Woolf. £9.95. 142 pages

A BIOGRAPHY OF CHARLES HAMILTON SORLEY
by Jean Moorcroft Wilson. Cecil Woolf. £12.50. 215 pages

IT IS 70 years since Charles Hamilton Sorley's death, an anniversary marked by the release of these two volumes in conjunction with a touring exhibition seen last year in The English Faculty Library, Oxford. Sorley has joined, finally, the institutionalised poets of World War One, thanks to the labours of Jean Moorcroft Wilson (in private life Mrs Cecil Woolf).

Such commemorations should bring the object of their admiration closer, but I was struck by how remote a literary epoch Sorley's war has become. The childhood photographs Wilson reproduces — sepia tableaux of contented domesticity — reminded me of Cyril Connolly's dictum, that nothing dates people quite so much as their ignorance of the horrors in store.

And contented Sorley's brief life seems to have been. A secure childhood in Cambridge, where his father was a professor, Bertrand Russell a regular guest at lunch, was followed by five years at Marlborough. Sorley was not Shelley tyrannised by Eton's philistines; he was popular with masters and boys, enjoyed the OTC and excelled at cross-country. This able biography shows how, after winning an Oxford scholarship, Sorley spent seven happy

years at Marlborough. Sorley rejected orthodoxy Christianity. There was never a declaration of pantheism, but the school poems suggest a contact with the divine through the elements and nature, which he observed as closely as his idol, Hardy. One senses that a spiritual release is being sought from his sheltered life. (Although he found training as a soldier tedious, he preferred it to the regimen of school.) It is not surprising, then, that Sorley acquires a new poetic energy as it seemed to of such an impressionable child, both as it was in reality and also in his day-

A ceremonial blanket from Prince of Wales Island, south-east Alaska, showing the outline of a bear made from shells. It is one of the illustrations in "North American Indian Mythology" by Cottie Burland, revised by Marion Wood (Newnes Books). £7.95

THE BOOK OF MUSICAL ANECDOTES
by Norman Lebrecht. André Deutsch. £12.95. 382 pages

THE MAD Scientist and the Absent-Minded Professor are two stereotypes that have fallen out of fashion, but the Eccentric Genius is still cherished. Composers are expected to override common courtesies in the grip of their creative fire: musical performers are expected to be flamboyant and Jealous. Callas pronounced on Tebaldi (whose style was more sedate): "What a lovely voice, but who cares?"

Norman Lebrecht's collection shows musicians in many other aspects, sometimes they are aware of what is today called their "image" but not quite certain what to do about it. Mahler, having great enjoyment, wishes to recall one theme but will not lower his dignity by asking for a copy of such a popular work in the music-shop. Instead, he pities the shop staff with questions on the sales of his own music while his wife on his behalf surreptitiously consults the Lehár score. Leonard Bernstein tells the American



Allegro con brio

composer Ned Rorem: "The trouble with you and me is that we want everyone in the world to personally love us, and of course that's impossible—you just don't meet everyone in the world."

Selecting from the biographical literature of music over the centuries, Mr Lebrecht is stronger on composers than on performers, past and present. Menihin is invoked for a story about Toscanini, Arthur Rubinstein for stories about Skryabin and Rachmaninov, but the way in which Menihin and Rubinstein themselves became as closely as his idol. Hardy.

The progression through the book is in date-order of musicians, with an alphabetical index and a listing of sources. Sometimes the target is elusive: the anecdote about Mahler and The Merry Widow illuminates Mahler but is placed under Lehár — with no anecdote at all to represent Lehár himself!

At other times the essential element of credibility (as distinct from certified truth) is lacking. Handel may have been a glutton, but we should not have been offered the story (even though it is an old one) that he actually ordered dinner for three and then berated the innkeeper for waiting for "the company."

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Arthur Jacobs

biography by Janet Baker. Melba appears, but not her celebrated advice to another singer about to perform to Melba's fellow-Australians: "Sing 'em stuck!"

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His first job was trying to extract nickel from the spoil of an asbestos mine, in vain unfortunately, for the nickel would have gone to the Italian aircraft industry at war. Then a bizarre Swiss engaged him to work in Milan on curing diabetes according to the notions of a Nazified theorician. The friend with whom he went mountaineering became a hero of the Piedmontese resistance, and was brutally killed. Shyness prevented him from declaring to a woman his feelings of love.

Generally depicting himself as incompetent, even when a partisan, he was arrested in 1943. Then he was deported to Auschwitz. On account of his qualifications, he was put to work there in the slave factory which belonged to I.G. Farben and made various synthetic products. Surviving, he wrote, *If This Is A Man*, a memoir which has taken its place in the literature of suffering.

Much more than a chemist, Primo Levi is also someone who has been through the totalitarian experience. Born in 1917, he grew up in the small and almost forgotten community of Piedmontese Jews, beautifully commemorated here. Fascism, with its racial laws, dominated his youth.

David Pryce-Jones

little about love, but after his return from Italy, he married, and evidently his wife and children restored to him the belief in the value of life.

The book comes round in an extraordinary circle when one day Primo Levi receives a letter from Dr Müller concerning a shipment of defective resin from Germany. The word "naphthalene" has been misspelt. His German supervisor in Auschwitz, also called Dr Müller, used to misspell it similarly. Could this be one and the same man, still working for a subsidiary of I.G. Farben? It was.

Officially, Primo Levi had to deal with the matter of the resin. Privately he began a correspondence. A meeting was arranged, but Dr Müller suddenly died before it could take place. Primo Levi can never be quite sure what would have emerged from that meeting. In the end, evil has to be accepted in a way which calls neither for blind vengeance on the enemy, nor forgiveness at one's own expense. Such wisdom looks simple, but it takes greatness to reach it.

After Auschwitz (or Gulag, or genocide anywhere), nobody

can quite recover sanity, one supposes. *The Periodic Table* proves that this is not so. A reticent man, Primo Levi says

JONAS HANWAY: FOUNDER OF THE MARINE SOCIETY
by James Stephen Taylor. Solar Press. £20.00. 248 pages

JONAS HANWAY, if eclipsed perhaps by living in the age of Gibbon, Samuel Johnson, Burke and Adam Smith, was certainly, as depicted by Professor Taylor's thorough and scholarly record, a most remarkable man. Starting as a merchant traveller for the Russia Company, he became the leading 18th century philanthropist and founder of the Marine Society, but also a prolific author and pamphleteer, a Commissioner for Victualling the British Navy, a political lobbyist and campaigner and a meticulous administrator of charitable

ARTS.

B. A. Young remembers the best and the worst of a year's listening

Spare us the voice of the majority



Sir Robin Day



Gordon Clough



Michael Charlton



Brian Widlake

to voice his own opinions? Opinions about current affairs, I mean, not critical judgments. I dare say I am pretty cocksure, but I have been working at critical assessment for a long time now, so I do not apologize for my judgments. One of the judgments that has been strongly reinforced during the year has been that Michael Charlton is the best political commentator we have. On Radio 3, he gave us *A Truce to Terror*, a series of three programmes about the United Nations, in which he brought the right people to the microphone, asked them the right questions and listened sensibly to their replies.

In the autumn he gave us a six-piece *Star Wars History*, on Radio 3, where once more he was able to talk with the people who know first-hand about the problems of the nuclear entanglement between the US and the USSR—from one side, anyway. Perhaps his title for the series was unlucky, for only a month before he had interviewed Professor Ellie Kedourie in a programme called *The Facts of History*, which suggested that those facts are malleable. Michael Charlton is my top of the pops for this year.

Radio 4, once free of the phone-ins, did some political programmes of comparable ability. *The Thatcher Phenomenon*, with Hugo Young, who seems now to be lost in the air in favour of the press. This was a good, if not strictly comparable, series; but already I find myself returning to Radio 3 for

Peter Hennessy's series, *The Quality of Cabinet Government*. But enough of politics (unless the sundry bits about how to raise the money to run the BBC counts as politics).

There were a lot of anniversaries to celebrate and deaths to mark, and those are the kind of thing the BBC is keen on. They were able to combine the two functions with Robert Graves, whose 90th birthday was the occasion for good productions of the *Claudius* plays, and two items of less significance from Graves's later work. A different kind of impact was made by the death of Roy Plomley, inventor and presenter of *Desert Island Discs*, a man almost universally loved. The Corporation has not taken my advice about how to replace him. As I write, the celebration of Anthony Powell's 80th birthday is already in the line.

It has probably escaped the attention of most listeners, but

1985 was International Youth Year. It did not escape the attention of Radio 4, at any rate, who ran a three-part series called *Young Lives*, and later a longer, six-part series called *You'll Never Be 16 Again*. The title seemed to me to be the most cheerful news for the young for being 16, as demonstrated in these programmes, did not sound like the greatest fun imaginable, though I suppose all the 16-year-olds thought it was at the time. It was accompanied by a programme called *Ain't It All A Drag*, which suggested that things in Germany were the same only worse. We need another, bolder International Youth Year, evidently.

Of the non-political features, I suppose the most publicised was the *Colour Supplement*, that occupied the greater part of Radio 4's Sunday mornings for week after week. How that normally intelligent, if not actually intellectual, channel

could have devoted so much time and money to such driveling triviality I cannot imagine. Was it a deliberate satire, perhaps, to show how trivial the content of most newspaper colour supplements is? It has gone now, but only for a while; though when it comes back, it will be heard on Saturdays instead of Sundays. I hardly dare venture a hope that it does not indicate a return for the *Roller-Coaster* on other days of the week.

But there have been some very good things. Radio 4 ran a series called *Mahorev*, about the golden days of the Indian princes, which was (among other things) a very good advertisement for our Indian Empire. There was a delightful series on folk-music, *Music for the People*. I think of folk-music only in terms of the daily life of many people, and he brings them useful songs, but of course they came from somewhere. In half-a-century "Ere we go, 'ere we go,

"ere we go" may be a folk-song, and those risqué numbers commonly associated, for some reason, with Rugby football.

On Radio 1, to which I listen only seldom, there was a remarkable series *Drug Alert*, in which drug-addicts were persuaded to speak of their difficulties before the microphone, and a free-phone telephone number was given to anyone who had similar problems might apply for advice. Currently there is a series *Missing, Presumed Alive*, in which the wandering young recount their experiences and offer help to others in their situation and in need of help.

If I seem to have paid too little attention to Radio 2, it is because Radio 2 programmes are not genuinely criticisable. Jimmy Young has become part of the daily life of many people, and he brings them useful information and advice; but the predominantly nostalgic programmes on this channel are

as that in *The Deer Hunter*. No period Western town ever looked so dazzlingly authentic—trolley wires, railroads, four-storey houses, dance halls—as Cimino's recreation of Casper, Wyoming, in *Heaven's Gate*.

And the continuing wonder of that film is that its authenticity is so thorough that audiences reared on cliché—like the clapboard-and-sagebrush assembly kit that passes for a town in most Westerns, or the man's gotta-do dialogue handed down through a thousand horse operas—cannot believe in the veracity of the real thing.

"Roller-skating did exist," says Cimino of the film's famous barn-dance on wheels. "Those of us who worked on the film should know. We researched hundreds and hundreds of photos from the period." And on the theme of subjective notions of "accuracy," Cimino remembers a man storming angrily out of a preview of *Heaven's Gate*, offended by John Hurt's florid graduation speech in the Harvard prologue. "I was at Harvard and no one ever spoke like that!" said the man. Says Cimino, "The speech is taken verbatim from a real Harvard graduation speech of the period."

Of course it is as vain to hammer on some filmmakers' consciousness, seeking a chink of reason, as on a locked coffin. Of the American Press, who lately laid curses upon Cimino's *Year of the Dragon*, complaining of its anti-Chinese bias, Cimino now shrugs philosophically: "They think of me as an outlaw. They regard me as Billy The Kid or Jesse James or something. Whatever I do, they shoot it up. Actually in

Year of the Dragon we had the full co-operation of the Chinese communities in the towns where we filmed.

Since the war, will have

scarcely blenched when 30 or

40 million dollars are spent on

epic misfires by "okay" directors like Coppola (*One*

From The Heart, *The Cotton Club*) or Spielberg (*1941*), but which must single out one

scapegoat per generation over

which to pour all its accusations of monomaniac and extra-

gaia?

My hunch is that Cimino and

Heaven's Gate, which I still re-

gard as perhaps the most

original and imaginative large

scale film America has pro-

duced since the war, will have

the last laugh. Stroheim is an

apt historical touchstone. De-

cades after being vilified as a

spendthrift and autocrat, Erich

gained a richly and resonantly detailed

reputation.

Compared to some of Mad

Erich's extravagances, like in-

sisting on silk underwear for

his extras, even though the

audiences would never see it,

Cimino's in *The Deer Hunter*

and *Heaven's Gate* at least

ended up on the screen. No

wedding party was ever so

richly and resonantly detailed

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WEEKEND FT

Private View

The voices of power



MRS THATCHER took lessons to tailor her voice to suit the image she wanted to project as Prime Minister. It worked, and she has just given a knighthood to Gordon Reece, the man who encouraged her to do so. But Mrs Thatcher is probably unique in British political life: the politician who tailors his public persona to suit his voice is rather more common.

In terms of self-interest, MPs may well have been wise to reject the televising of Parliament until they have looked harder at the implications. Could it be that radio has, all these years, been exercising a subtle and unsuspected tyranny making MPs the prisoners of their voices?

Many MPs, after all, are much better known for their voices than their faces, the last Speaker, Lord Tony Pandy, being a case in point.

And an aspiring politician wishing to impinge on the national consciousness has more chance if the voice reinforces the image rather than neutralising it or working against it. At the start of his career, the image is probably more malleable than the voice, and by the time he or she is an established political figure, it may well be too late to change.

Take Mr David Penhaligon, Liberal MP for Truro, who has the good fortune to be possessed of a wonderfully rich West Country accent. It gets even richer on radio, where you can almost smell the apples and hear the cows in the background.

Mr Penhaligon is, in fact, as urban as they come. He has never lived on a farm and cheerfully confesses his near total ignorance of matters rural. He was initially baffled, shortly after his arrival at Westminster, to find himself much in demand on radio to comment on the intricacies of the Common Agricultural Policy, the frustrations of farmers and so forth.

Mr Penhaligon is a sophisticated fellow, however, and has looked after his voice, using it to develop and market a first class line in down-to-earth common sense. He is now more than ever in demand by the media, particularly on panels needing a foil for politicians who sound more ideologically committed and less, well, sensible.

On the other hand it may have been his voice, as much as his loyalty, that stopped him from becoming Prime Minister. For by the time his chance came, the persons to match the voice—the Willie-Jams, the gaffes and the over-readiness to apologise for them—had developed beyond recovery.

Women politicians are less prone to this, largely because so few of them rise high enough in the political hierarchy to have a public image worth worrying about. But it is interesting that many of the Labour women who have done well—Barbara Castle, Betty Boothroyd or Joan Maynard—have started out with the advantage of flat northern voices, and have developed a person-to-person style of plain talking to disguise their femininity. Those such as Shirley Williams, Denis McDonald or Harriet Harman, whose educated southern voices provided no such cover, have had far more difficulty in getting themselves taken seriously, despite their not inconsiderable intellectual gifts.

Eric Heffer is another whose voice has helped saddle him with an image that has little to do with the man. There is a rough, gruff, grating sound that, together with the buzzard features, have established him in the public eye as one of the hard men of the Left—tough, aggressive and a bit of a bully. In fact, he is convivial, sentimental, vain, kindly eager to please, verging on ingratiating, and totally in thrall to his diminutive wife. The more macho image has had its uses, but it has on occasion pulled him into ludicrous posturings from which there could be no retreat.

It is, perhaps, contradictions like these which have encouraged observers of the political scene to persuade themselves that Norman Tebbit is a gentle, cultured soul at heart, that Anthony Beaumont-Dark is really a shrewd and astute commentator, that the canine features of Clement Freud mask an engagingly funny human being, that Neil Kinnock is a good listener, and that Winston Churchill is a chip off the old block. Hmmm.

There are parallels in the career of Lord Whitelaw, one of the most accomplished survivors in politics, who at times has rivaled the Emperor Claudius in his mastery of the art of appearing bumbling, incompetent, and too dim to be a threat to anyone. His patriotic vowels and slight stammer would certainly have made it difficult for him to carve out a career as an orator, a populist or a semi-made power house of energy and drive. The Wodehouseian image has served him supremely well, occasionally teetering close enough to parody to indicate that there must be more to the man.

Margaret van Hattum

THE BOBBY megaphoned the mob: "Stay on the pavement" he cracked. The front ranks wavered, caught in mid-stride, leading feet hovering. "Please!" he threatened. They pawed the air like liberty horses, took a step back and immediately spilled forward a pace or two under the press from behind.

A battered Renault, its cowed occupants hunching together away from the windows, squeezed forward out of the congested side road and joined the motorised maelstrom in Oxford Street, London W1.

A blue-cheeked piper in tam o'shanter and ragged jeans patrolled the frontage of Selfridges squeezing out a lament to incisive. The crowd milled on. The constable with the motorised megaphone, to sympathise with motorists still waiting to break out into the main drag.

It was lunchtime on Monday at the peak of the winter sales season, and megaphones were in action everywhere. Inside Selfridges marshals boomed up the escalator shafts: "Stand on the right. Keep moving on the left." The store's public address system chimed in for the chorus: "We have information that... stand on the right... the pickpockets... the right... are at work..."

Lucky the pickpocket who could find pocket full enough to be worth picking. Cash and flexible friends were spilling out on to every available counter. Even the top floor toy department was still going strong after the Christmas orgy.

Pensive types played computer chess, children moaned and were slapped. Everyone

ogled a child-sized battery-powered Range Rover complete with stereo equipment, personalised number plates and a £1,000 price tag. Hardly a sup.

Deeper into the store, all was decorum in women's wear. Mink coats at 10 per cent off shimmered apparently untouched on the racks.

Deeper still, and the clamour rose. They queued 20 deep at the hills in bed linen, where less-than-decorous shoppers lunged into the racks. Fox-furred elbows dug into anorak-clad ribs.

Outside again, and the crowd churned on. The pipe was now firmly squashed against Selfridges window, ranting Scotland the Brave. The bobby was commiserating with a cross cabby. They queued 20 deep at the Barclays Bank cash dispenser across the street.

The Wimpy bar heaved, the control rails leading it the look of an abattoir cattle crush. By 2 pm, with the temperature stuck at freezing, the shoppers were still pouring in from east and west. Filtering down into swanky South Molton Street, refugees from the main flow seemed driven once more to congregate in tight bunches.

In Kenzo Homme, black-clad handsome young salesmen peered contemptuously out from behind the startlingly costly suits in their window display. Their shop was invitingly customer-free.

By 3 pm the press was peaking in Oxford Street. Women clambered at a ground-floor counter selling cut-price hair sprays in D. H. Evans. The store's tie department, Get Knotted, had been ravaged. Upstairs in the TV department, disoriented men stared blankly as the traffic screamed past them.

Every available chair and sofa in every Oxford Street furniture department seemed occupied by a heavily muffled figure clutching ungainly bundles of bags and boxes.

Off Regent Street in the carpeted, panelled comfort of Liberty, a pile of small children obstructed the passageway into the basement—a higgledy-piggledy heap of grey funnel coats with blue velvet collars, rumpled beige tights and shiny

Sales

Credit squeezing

identify her new owner.

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Pieces of eight trickled through Benn Gunn's fingers, a clinking counterpoint to the unconscious sussation of £10 notes and credit card slips.

Hard by John Lewis an accordianist playing under cover of an ex-army gas cape went unheeded. Inside, the garish faces beaded the perfumery counters stared blankly as the traffic screamed past them.

The "Sale" flag still blew bravely atop the Arding & Hobbs cupola in grubby Clap-ham Junction, but inside the store all was quiet. The home computer display appeared to have been cleaned out by the early waves, the artificial flowers and other display props all appeared to have been sat on. Upstairs a man with a clay hammer was tearing down Santa's grotto.

Further west, in Sloane Square, the faces had note of the grim determination apparent everywhere in the centre of town. In the relaxed, ordered atmosphere of Peter Jones, John Lewis's upmarket flagship, polite ladies exchanged politenesses with their police acquaintances.

In the children's department, where the live youngsters were only barely distinguishable from the neatly-clad dummies, Benjamin sat up, bright-eyed in his pram. "Is he good?" asked one woman. "Yes, he's brilliant," enthused mother, fingering a boil-in-the-bag baby jumpsuit.

While the battle in the West End appeared to have many long days yet to run, the scene in out-of-town south west London was utter desolation. The shoppers' army seemed to have swept through the fringes of the capital carrying all before it in preparation for the main advance on the centre.

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of Wales. Any player from the Principality who is sent off four times will be banned sine die, and any club to have five players sent off in a season will be suspended automatically.

The new measures in Wales came into force in December 5, and they include a scale of punishments. A player who commits a second offence of fighting or punching will serve an eight-week suspension. A third offence leads to a 16-week lay-off. For a second offence of kicking or trampling, a 12-week ban will ensue, with 24 weeks for the third offence.

But if the public perception of rugby is not to be damaged permanently and if the decline in the number of schools playing the game is to be arrested, then clubs must stop covering up for their dirty players and drop them—for good.

John Kitching

Sport

Unacceptable face of rugby

As a result he was reprimanded severely by the Rugby Football Union, and resigned from the RFU's list of officials. But he was supported by the London Society of Referees, and has now returned to officiating in first division games.

There is nothing new about rugby violence. It was even creeping into schools matches in the late 1960s. And there is nothing new about people walking off the pitch in protest.

A schools "derby" in which I appeared in Yorkshire in 1970 became so violent that one of our forwards refused to take

any further part. He never played the game again.

It must be said that many sympathise with Mr Crawford's view, perhaps fewer with the dramatic means he employed to draw attention to it. But he had a point to make, and he made it forcefully.

Rugby is a hard physical game. But it is an amateur game, and players have many other things to do with their lives. It is a game supposedly played for enjoyment in a spirit of friendly rivalry. It is "not a game for a bad sportsman" as the Barbarians' club motto says.

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Yet despite these reassurances, the spectre of violence stalks the game, and there are moves clubs can make to eradicate it.

Let us make no mistake about it, many clubs have knowingly fielded dangerous, violent players for seasons, and yet protested volubly if the opposition resorted to the same tactics. It is called hypocrisy, and I'm afraid rugby clubs are full of it.

England got tough on violent play last season, banning from the international championship anyone sent off in a club match. This season it has been the turn

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